

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Budget Estimates to Congress

---

### TABLE OF CONTENTS

	<u>PAGE</u>
<b>FY 2004 Budget Request:</b>	
• Introduction .....	1
• Overview of Request .....	4
• Uncontrollable Cost Increases .....	7
• Program Enhancements .....	8
• Fee Collections and Auctions .....	11
<b>FY 2004 Annual Performance Plan:</b>	
• Performance Plan .....	16
<b>APPENDICES:</b>	
	<u>SEC.</u> <u>PAGE</u>
<b>Appropriation Language:</b>	
• FY 2004 Proposed Appropriation Language .....	A   70
• Legislative Proposals Contained in the President's Budget for FY 2004 Explanation of Changes.....	A   71
<b>Analysis of Change:</b>	
• Summary of Adjustments .....	B   72
• Summary of Proposed Budget Authority .....	B   74

# FEDERAL COMMUNICATIONS COMMISSION

*FY 2004 Budget Estimates to Congress*

---

## APPENDICES (Con't):

SEC.    PAGE

### Program Staffing Allocations:

• Organization Table .....	C	75
• Activity Table.....	C	76

### Resource Summary Detail:

• Summary of Requested Resources.....	D	82
• Summary Tables - Distribution of Resources .....	D	85
• Summary of Increases by Budget Object Class Code.....	D	93
• Object Class Code Table .....	D	98
• Prorata Object Class Allocation Chart .....	D	99

### Other Exhibits/Reports:

• Universal Service Exhibit .....	E	100
• Auctions Loan Program and Financing Exhibits .....	E	102
• Response to Congressional Inquires Concerning GAO Recommendations in a report entitled - <u>TELECOMMUNICATIONS: Better Coordination and Enhanced Accountability</u> <u>Needed to Improve Spectrum Management</u> (GAO-02-906) (“GAO Report”).....	E	109
- <u>TELECOMMUNICATIONS: Additional Federal Efforts Could Help</u> <u>Advance Digital Television</u> (GAO-03-7) .....	E	121

### INTRODUCTION

**Most people know that if you watch television, talk on the phone, or listen to the radio, the Federal Communications Commission (FCC) is part of your life due to its role in regulating interstate and international communications by radio, television, wire, satellite, and cable. What people may not recognize is the extent to which every area of their life is intertwined with the communications technologies that the FCC has responsibility to regulate under the Communications Act of 1934, as amended.** For example, because almost all electrical and electronic equipment emits radio frequencies, FCC equipment authorization rules protect you:

- When you heat your breakfast waffle in the microwave,
- When your child plays with their radio-controlled airplane,
- When you push the button on your garage door opener,
- When your toll fee is automatically deducted from the little plastic box attached to your windshield without having to stop at the booth,
- When the cashier at the coffee shop rings up your favorite morning drink using an electronic cash register and inventory control system,
- When you turn on your computer,
- When you go to the medical center for a CAT scan,
- When you upgrade to a digital hearing aide,

- When your child's class uses the Internet to visit with other school children in another country,
- When the local video store contacts its remote, central computer network to find out if you have enough bonus points to qualify for a free rental,
- When you swipe your credit card at the gasoline pump,
- When you lock your car with your remote entry system,
- When your teenager upstairs sends their homework assignment to the printer downstairs via your new wireless home network, or
- When you activate your home alarm system before going to bed.

**And, these are just a few of the thousands of ways in which the vital work of the FCC helps facilitate both personal freedoms and public goods.** Perhaps no one example better illustrates the breadth and importance of the FCC's role in modern America than September 11, 2001, when all Americans were reminded of the importance of reliable, easily available, and interoperable communications systems – both for emergency personnel responding to a tragedy and individuals checking on family and friends.

So, while the formal charge of Congress to the FCC can be summed up in less than 30 words – ensure that the American people have available, at reasonable costs and without discrimination, rapid,

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Budget Estimates to Congress

---

efficient, Nation - and world-wide communication services; whether by radio, television, wire, satellite, or cable<sup>1</sup> – the day-to-day reality may be that there is no more ubiquitous presence in the lives of most Americans than the FCC-regulated communications industries.<sup>2</sup>

To successfully carry out the responsibilities inherent to this daily reality, the FCC is requesting from Congress a Fiscal Year 2004 budget of \$280,798,000 and 2,015 full-time equivalents (FTE's) in order to carry out the following commitments:

**1. Implement the policy vision set forth in the FY 2003 – FY 2008 Strategic Plan:**

Since its founding, the United States has transformed itself through the use of technology. Communications technologies – from Alexander Graham Bell's telephone to Marconi's radio to today's Internet – have been one of the primary drivers of this transformation. While some of today's providers of communications services and technologies struggle through economic and technological upheavals, Americans generally understand that today's immediate problems do not signal a crisis or collapse in the possibility of continued growth through the application of technology. Instead, a slow, but steady, stream of technological advances coupled with sounder businesses practices and appropriate enforcement of regulations will ensure that American consumers, governments, businesses,

---

<sup>1</sup> 47 U.S.C §151 – Title 1, Section 1 of the Communications Act of 1934, as amended.

<sup>2</sup> Irwin Stelzer, "The Politics of Broadband," *Public Interest*, 85-96, Winter 2002.

and industry continue to enjoy the advantages of technological progress based upon the availability of reliable, innovative communications products and services.

More than half of the FCC's FY 2004 budget request will be used to support the following Strategic Goals:

- a. **Broadband** – The FCC intends to continue its efforts in FY 2004 to establish regulatory policies that promote competition, innovation, and investment in broadband services. It will also closely monitor and report to Congress and the American people on the Nation's progress toward the deployment of broadband services in the United States and abroad.
- b. **Spectrum** – FCC efforts to encourage the highest and best use of spectrum domestically and internationally will become even more essential in FY 2004 if the United States is to encourage the growth and rapid deployment of innovative and efficient communications technologies and services.
- c. **Media** – In conformance with congressional mandates and judicial decisions, in FY 2004 the FCC must revise its media regulations so that media ownership rules promote competition and diversity in a comprehensive, legally sustainable manner and continue to implement the mandated migration to digital modes of delivery.
- d. **Homeland Security** – The FCC is dedicated to providing the leadership and policy guidance necessary to promote the reliability, security, and survivability of our Nation's communications infrastructure.

# FEDERAL COMMUNICATIONS COMMISSION

## *FY 2004 Budget Estimates to Congress*

---

### 2. Continue the investment in “new beginnings for an old Commission”:

The FCC is responsible to Congress and the American people for ensuring that an orderly, efficient, and effective framework exists within which communications products and services can quickly and affordably be provided to consumers and businesses. This includes the Commission’s day-to-day work of licensing and authorizing providers of communications products and services. Equally important, the FCC must also vigorously enforce non-interference rules, ensure the universal availability of basic telephone service, make communications services accessible to all people whether they live in a rural area or have a disability, and protect and inform consumers about their rights.

The FY 2004 budget request focuses on two additional strategic goals in this area:

- a. **Competition** – In FY 2004 the FCC will continue its important work of supporting and enhancing the Nation’s economy through implementing the investment and competition portions of the Telecommunications Act of 1996. This includes the licensing and authorization of several thousand communications products and services each year. It also includes vigorous enforcement and consumer education programs. By carrying out programs in this area the FCC will help ensure that the communications and video programming revolution continues and that all consumers will have the opportunity to make meaningful choices among and have equal access to communications services.

- b. **Modernize the FCC** – Emphasizing effective, efficient, and legally-compliant performance and results through excellent management requires a dedication to monitoring, auditing, and reporting on the work of the FCC. In FY 2004, the essential efforts of the Inspector General require an additional investment of contract staff and funds.

In total, to successfully achieve the policy vision set forth in the FY 2003 – FY 2008 Strategic Plan, including efforts to create a new Commission, the FCC requests a Fiscal Year 2004 budget of \$280,798,000 and 2,015 full-time equivalents (FTE’s). An explanation of the assumptions and rationale for this level of resources is presented in the Annual Performance Plan, narrative sections, tables, and appendices included in this document.

### OVERVIEW OF REQUEST

In order to attain the goals set forth in our Strategic Plan and implement the FY 2004 Annual Performance Plan, the Federal Communications Commission (“FCC”) is requesting **\$280,798,000 and 2,015 full-time equivalents (FTEs)**.

The Commission will use the FY 2004 funds to carry out its fundamental mission to implement the Communications Act of 1934, as amended, in a manner that promotes competition, innovation, and deregulation in the communications industry and the availability of high quality communications services for all Americans.

In order to achieve those objectives at this time of great innovation in the communications industry, the FCC must strive to stay on the cutting edge of changes in technology, economics and law. The Commission is requesting **\$6,100,000 for additional staff and critical programmatic initiatives** to achieve the mandates of the Communications Act and transform the FCC to deal effectively with the industry we serve, to the benefit of consumers. An additional **\$6,371,000 is for uncontrollable cost increases** for salaries and benefits, and inflationary cost increases for office space rental, supplies, printing, postage, and other contract services.

#### **Of the \$6,100,000 to improve programmatic performance:**

- **\$2,600,000 will provide funds for 20 additional employees** as well as the related support costs to provide office space, equipment, supplies, etc. These FTEs will be utilized for engineering expertise to ensure effective management of the electromagnetic spectrum and encourage the provision of new technologies and services to the public.

- **\$500,000 has been requested to fund the completion of the enclosed test facility at the Commission’s Office of Engineering and Technology Laboratory at Laurel, Maryland.**
- **\$3,000,000 will provide contract audit support for our Office of Inspector General.** These funds will support the agency efforts to prevent waste, fraud and abuse within Commission programs. Additional contract audit support is necessary to perform audits and support investigations as necessary for the review of financial statements, audits of the Commission’s workplace violence program, commercial contract audits, audits of controlled entities and the associated beneficiaries, and annual evaluation under the Government Information Security Reform Act (GISRA).

#### ***The requested resources will be utilized to accomplish the mission of the FCC.***

Currently 67% of the FY 2003 appropriation requested by the President, is earmarked to pay the salaries and benefits of our employees. Additionally, 29% will be spent for totally non-discretionary expenses such as space rental, telephones, mail, utilities, etc. The remaining 4% will enable the agency to meet only minimum requirements.

#### ***FCC’s success for ensuring that it is capable of meeting the future needs of both consumers and the communications industries is tied directly to the resources requested in this document.***

In order to develop our request for FY 2004, we began with a base funding level or Budget Authority of \$268,327,000 which is the amount requested in the President’s Budget for FY 2003, excluding the funding for the

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Budget Estimates to Congress

---

Retirement and Health Benefits Proposal. This amount represents \$28,814,000 in net direct budget authority assuming we collect \$239,513,000 in offsetting collections from regulatory fees.

**In FY 2004 it is anticipated that FCC's uncontrollable cost increases will total \$6,371,000.** These uncontrollable costs include 25% of the FY 2003 pay raise (3.1%) which must be annualized in FY 2004, as well as a projected FY 2004 locality and pay raise totaling 2%.

In addition funds are included for inflationary costs for various non-compensation accounts including miscellaneous rents, mail, service contracts, etc. These uncontrollable increases when added to the base total a **“current services” level of \$274,698,000** for FY 2004. Funding at this level is critical if we are to respond to the universe of communications issues and current challenges facing the FCC to provide the industry and the consumer with well defined communications policy and direction.

In addition to funds required to maintain this current services level, we have requested **\$6,100,000 for additional staff and critical programmatic initiatives.** This modest 2.2% increase for essential Commission activities will support our efforts to address in a timely manner the issues arising from an exploding communications industry, resulting in economic growth for the Nation.

Since FY 1987 the Commission has strived to reduce the cost of Government operations through user fee cost recovery programs. The first program initiated at the Commission was the Application Processing Fee program. That program was designed to recover a substantial portion of the costs of the Commission's application processing functions, which account for the majority of the licensing activity costs. The funds received under this program are deposited directly into the General Fund of Treasury and are not

available for use by the FCC. Congress appropriates approximately this same amount annually to offset the agency's costs.

The second cost recovery program is the Regulatory Fee program. Implemented in FY 1994, this program collects fees to recover the costs attributable to the Commission's Competition, Enforcement, Consumer Information Services and Spectrum Management activities. These fees apply to most current licensees and to other entities (*e.g.*, cable television systems) which benefit from the Commission's regulatory activities not directly associated with its licensing or application processing functions. These fees can be retained by the Commission and applied to obligations incurred during the fiscal year, thereby reducing the amount of appropriated funds required to be provided from the General Fund of Treasury. Since FY 1994, the fee offset to the FCC's appropriation has increased from 37% in the initial year of implementation to approximately 89% of the agency's FY 2003 appropriation as requested by the President. The FY 2004 requested regulatory fee collections would offset 90% of the proposed FY 2004 budget.

Our FY 2004 budget request is summarized in Table 1. Details of this request and a justification for specific increases follow.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Budget Estimates to Congress

Table 1: Summary of FY 2004 Budget Request

	(\$ in 000)	FTEs
<b>FY 2003 Appropriation</b>		<b>1,995</b>
• Direct \$28,814	<b>\$268,327</b>	
• Regulatory Fees \$239,513		
<b>FY 2004 Uncontrollable Cost Increases:</b>		
• Compensation/Benefits Cost Increases	<b>\$ 4,723</b>	
• Uncontrollable Inflationary Cost Increases	<b>\$1,648</b>	
<b>FY 2004 Programmatic Increases:</b>		
• <b>Compensation, Benefits &amp; Operational Support to provide 20 additional FTEs</b>		<b>20</b>
- 20 FTEs for Commission-wide Engineering Expertise including Operational Support Costs for 20 FTEs	<b>\$ 2,600</b>	
• <b>Audit Contracts to Support the Office of Inspector General</b>	<b>\$3,000</b>	
• <b>Laural Laboratory Enclosed Test Facility Structures</b>		
- Promote More Efficient use of Spectrum	<b>\$ 500</b>	
<b>FY 2004 Total Request <sup>1/</sup></b>	<b>\$280,798</b>	<b>2,015</b>
• <b>Direct \$28,814</b>		
• <b>Regulatory Fees \$251,984</b>		

1/ Does not include any reimbursable costs to be funded from auctions receipts as offsetting collections or \$1,300,000 anticipated from interagency and/or other authorized reimbursable resources.



### FY 2004 UNCONTROLLABLE COST INCREASES

The Commission is requesting **\$6,371,000 in funding increases to provide for inflationary and uncontrollable costs** in FY 2004 to maintain current programs. These pay and inflationary cost increases have been based on the economic assumptions included in the President's FY 2004 Budget Request. The costs have been identified as follows:

o **Personnel Compensation and Benefits (\$4,723,000):**

Provides funds to cover the cost of the FY 2004 payraise and locality pay (2.0%) for 75% of the fiscal year, as well as funds to annualize 25% of the FY 2003 payraise (3.1%) and locality pay increases.

o **Travel and Transportation of Persons and Things (\$28,000):**

Provides funds to cover increase in travel and transportation costs, developed in accordance with Office of Management and Budget guidelines for projected inflationary costs (2.0%).

o **GSA Rent (Headquarters and Field) (\$855,000):**

Provides funds to cover the inflationary increase in rental costs to provide office space to the FCC in FY 2004 at the Portals complex and increased cost estimates for field office space.

o **Other Rent, Communications and Utilities (\$134,000):**

Provides funds to cover inflationary cost increases (2.0%) for utilities, cleaning services, non-GSA space rentals, departmental and FTS telephone services, postage fees, and miscellaneous equipment rentals.

o **Other Contractual Services (\$569,000):**

Provides funds for estimated cost increases based on 2.0% inflationary assumptions provided by the Office of Management and Budget. Increase covers federal and non-federal contract support services, security, training, health units, maintenance of vehicles, repair of ADP and office equipment, repair of interior space, maintenance of software, and ADP data acquisitions.

o **Printing and Reproductions/Supplies and Material (\$62,000):**

Provides 2.0% inflationary cost increases for printing, binding, photocomposition services, energy-related supplies, departmental, technical and ADP supplies, and subscriptions.

### PROGRAM ENHANCEMENTS

#### **Total Program Performance Enhancements (\$6,100,000):**

In order to serve the American public, the Federal Communications Commission as an institution must be efficient, effective, and responsive. The challenges of reaching these goals at the Commission are complicated by the sweeping, fast-paced changes that characterize the industries that are regulated. The Commission is experiencing a challenge it has never faced as each industry segment is in the midst of revolution, and is attempting to adapt to fundamental economic and technological changes. There continue to be new markets, new competitors, and new regulatory challenges.

Our Fiscal Year 2004 request reflects resources necessary for the Commission to keep abreast of industry changes and set rational productivity and regulatory goals. This request builds on the resources requested in the FY 2003 President's Budget. The Commission is requesting funds to ensure that the FCC has the staff to facilitate its reform efforts.

The FCC regulates a bigger telecommunications economy every year. Our high-growth areas include cellular phones, the circuits that carry Internet traffic, high definition digital television, local broadband services such as DSL and competitive cable service, and new wireless devices such as "Blackberries" and wireless Palm Pilots. We continue to regulate radio and television broadcasting, telephones, cable TV, and two-way radios in everything from police cars to airliners. As we regulate less by command and control, and more by creating competition, our workload includes enforcing all competitors' access to bottleneck facilities, and ruling on mergers and acquisitions. Much of the FCC's efforts to oversee the development of competition in telecommunications markets since enactment of the Telecommunications Act of 1996 has focused on developing local competition rules and reviewing applications by the Bell Operating Companies (BOC) to demonstrate that their local markets are sufficiently

open to competition to permit them to enter the long distance market under Section 271 of the Act. The Commission has recently received an influx of applications. Over the next few months it is likely that the number of states in which a BOC has been granted Section 271 authority to provide long distance service will increase from a handful to a majority. In the coming years, the Commission's local competition efforts will increasingly focus on enforcement to ensure that companies continue to keep their local markets open after they get long distance authorization. Recent events in the communications marketplace, including major bankruptcies, have underscored the need for the FCC to provide strong, swift enforcement regarding matters within its regulatory jurisdiction in order to promote competition and broadband deployment.

#### **Provide Funding for 20 Additional Full-Time Equivalents to Promote Spectrum Efficiency and Educate the Consumer (\$2,600,000):**

Managing the electromagnetic spectrum effectively and encouraging the provision of new technologies and services to the public are among the FCC's most important core functions. Engineering expertise is essential to fulfilling these objectives. The Excellence in Engineering program established in 2001 launched a multi-dimensional, multi-year effort to rebuild the agency's engineering staff and equipment. These efforts have been necessarily incremental and a number of mission-critical functions are not being adequately staffed, including spectrum management, broadband, and competition-related engineering matters. We are requesting funding for 20 additional staff with engineering expertise to be devoted to identifying spectrum for new services, handling increased complexities of spectrum sharing and interference analyses, and developing flexible use policies. In addition the increase in staff would enhance the effectiveness of the agency's work on media-related digital service issues, wireless and network homeland security issues, and advanced wireless and high speed internet access issues.

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Budget Estimates to Congress***

---

### **Promote More Efficient Use of Spectrum (\$500,000):**

The Commission is requesting \$500,000 in funding to complete an initiative first identified in the FY 2003 budget cycle to fund an enclosed equipment test facility for the Commission's Office of Engineering and Technology Laboratory at Laurel, Maryland. The FCC's FY 2003 Budget Request identified \$200,000 for the initial architectural and engineering requirements for this project. The cost of equipment in FY 2004 would be provided from baseline funding. The funding requested for FY 2004 would provide the cost of the actual enclosed structure to house the equipment and provide a facility with a controlled environment which could be used throughout the year to accurately measure and test equipment. Currently the Commission can only test during favorable climate conditions as the weather permits.

### **Create a More Efficient and Effective Agency (\$3,000,000):**

The Office of Inspector General is tasked with the responsibility of performing operational, program and financial audits in efforts to ensure the prevention of waste, fraud and abuse within Commission programs. We are requesting \$3,000,000 to enhance those audit capabilities through the retention of contractors with unique levels of expertise in the financial, loan servicing, and information technology areas. This funding will be used to procure assistance from commercial and intergovernmental sources to provide the necessary expertise to continue the financial statement audit in FY 2004, assess the effectiveness of the Commission's workplace violence prevention program, as well as information technology (IT) security at all FCC locations, including the field offices and the Commission's Consumer Center and increase the FCC's oversight of controlled entities including audits associated with the beneficiaries of the Universal Service Fund. This assessment will help ensure the Commission's IT security program is meeting the requirements of the Government Information Security Reform Act (GISRA). We believe that this funding will allow the Commission to take a proactive audit and investigative stance which represents a significant

and sound investment in the operations of the Commission, much as insurance represents a prudent investment for an individual.

Table 2 summaries the total of all programmatic enhancements requested for FY 2004.

**Table 2: FY 2004 Program Performance Enhancements**

<b>PROGRAM PERFORMANCE ENHANCEMENTS SUMMARY</b>	
	<b>(\$000)</b>
<b>20 FTEs to Provide Engineering Expertise Commission-wide</b>	<b>\$2,600</b>
<b>Enclosed Test Facility to Enhance Test Capability at Laurel Laboratory</b>	<b>\$500</b>
<b>Contract Audit Support for the Office of Inspector General</b>	<b>\$3,000</b>
<b>Total Request for Program Performance Enhancements:</b>	<b>\$6,100</b>

### FEE COLLECTIONS AND AUCTIONS

#### Regulatory Fees

P.L. 103-66, "The Omnibus Budget Reconciliation Act of 1993," requires that the FCC annually collect fees and retain them for FCC use in order to offset certain costs incurred by the Commission.

The fees collected are intended to recover the costs attributable to the Commission's Competition, Enforcement, Consumer Information, and Spectrum Management activities.

The fees, often referred to as Section (9) fees, apply to the current holder of the license as of a specific date and to other entities (e.g., cable television systems) which benefit from Commission regulatory activities not directly associated with its licensing or applications processing functions.

The regulatory fees do not apply to governmental entities, amateur radio operator licensees and nonprofit entities holding tax exempt status under section 501(c) of the Internal Revenue code, 26 U.S.C. 501.

The legislation gives the Commission authority to review the regulatory fees and to adjust the fees to reflect changes in its appropriation from year to year. It may also add, delete or reclassify services under certain circumstances. Additionally, the legislation requires the Commission to charge a 25% late payment penalty and to dismiss applications or revoke licenses for non-payment of the fees, although it may waive, reduce or defer payment of a fee for good cause.

The Commission implemented the Regulatory Fee collection program by rulemaking on July 18, 1994. The most recent fee schedule became effective on September 9, 2002, pursuant to an order adopted by the Commission on

July 3, 2002, released July 5, 2002, and published in the Federal Register July 12, 2002 (67 FR 46297).

#### Authorization to Retain Fees

Regulatory fee collections in excess of levels specified in the appropriation language are available for obligation by the Commission and remain available until expended. These excess collections become available for obligation on October 1, following the year in which they are collected. These funds are not limited to the one-year spending rule established for our salaries and expenses appropriation and are carried forward as no-year funds indefinitely. The combined total of all prior year carryover regulatory fees from FY 1997 – FY 2001 was \$17.8 million. A total of \$11.2 million in carryover funds were approved for use and obligated as of FY 2001. The remaining \$6.6 million in regulatory fees, from the FY 2001 appropriation, became available for obligation in FY 2002. In FY 2002 Congress authorized the Commission's use of \$2.0 million of the \$6.6 million in excess funds to meet critical physical security needs following the events of September 11<sup>th</sup>. The remaining \$4.6 million in carryover funds from prior years plus \$1.1 million in regulatory fees collected in excess of the FY 2002 Appropriation required levels could provide \$5.7 million in funding available for obligation in FY 2003 upon approval from Congress.

#### FY 2004 Regulatory Fee Assumptions

Pending final resolution of the FY 2003 appropriation, the President's Budget request for FY 2003 proposes to increase the collection of regulatory fees to \$239.5 million in FY 2003. The FY 2004 request assumes an additional increase for regulatory fees to a level of \$252.0 million. This increase reflects the cost of increased staff and other program enhancements such as the

completion of an enclosed laboratory test facility and the support of audit activities to ensure the integrity of all the Commission's programs including the FCC's financial audit and the security of the Commission's information technology systems. Additional engineering staff will assist the FCC in managing the electromagnetic spectrum effectively and encouraging the provision of new technologies and services to the public. These initiatives will provide better services to the industries we regulate, therefore the increase in regulatory fees is an appropriate adjustment for the benefits to be derived from these initiatives. Regulatory Fee Collections are summarized by fiscal year in Table 3.

### **Application Processing Fees**

Since FY 1987 the Federal Communications Commission (FCC) has collected and deposited into the General Fund of the U.S. Treasury application processing fees, often referred to as Section (8) fees. The fees are designed to recover a substantial portion of the costs of the Commission's applications processing functions. The program encompasses over 300 different fees with the vast majority collected at the time an original license application, renewal or request for modification is filed with the Commission. Most fees are assessed as a one-time charge on a per-application basis, although there are certain exceptions. Government, nonprofit, non-commercial broadcast and amateur license applicants are exempt from the fees. A lockbox bank is utilized to collect the fees, with all fees deposited into the General Fund of the U.S. Treasury. The Commission must review and revise the fees every two years based upon changes to the Consumer Price Index (CPI). On July 1, 2002, an order was adopted which increased application fees to reflect these CPI changes, this change became effective on September 10, 2002. Application Processing Fee Collections are summarized by fiscal year in Table 4.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Budget Estimates to Congress

Table 3: Regulatory Fee Collections

Fiscal Year	Appropriation Offset	Actual Collections	Difference
1994 (Actual)	\$63.0	\$ 58.7	\$ -1.7
1995 (Actual)	\$116.4	\$119.3	\$+2.9
1996 (Actual)	\$126.4	\$126.5	\$+ .1
1997 (Actual)	\$152.5	\$155.9	\$+3.4
1998 (Actual)	\$162.5	\$155.1	\$ -7.4
1999 (Actual)	\$172.5	\$177.1	\$+4.6
2000 (Actual)	\$185.8	\$187.2	\$+1.4
2001 (Actual)	\$200.1	\$206.7	\$+6.6
2002 (Actual)	\$218.8	\$219.9	\$+1.1 <sup>1</sup>
2003 (Estimate) <sup>2</sup>	\$239.5		
2004 (Estimate) <sup>3</sup>	\$252.0		

1/ Use of prior year carryover Regulatory Fees in FY 2003 is subject to approval by the Appropriation Committees prior to obligation of funds. Congress approved \$2.0 in spending for FY 2002.

2/ Reflects the Regulatory Fee Schedule for FY 2003 contained in the Appropriations Language as requested by the President, does not include \$8.7 million to fund the Presidents' government-wide legislative proposal to provide full funds for federal retirees costs.

3/ Reflects the Regulatory Fee Schedule proposed for FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

***FY 2004 Budget Estimates to Congress***

**Table 4: Application Processing Fee Collections – Funds are deposited into the General Fund of the U.S. Treasury and do not offset any Commission costs.**

Section (8) Fees - Dollars in Millions	
1987 (Actual)	\$10.3
1988 (Actual)	\$41.2
1989 (Actual)	\$56.6
1990 (Actual)	\$27.6
1991 (Actual)	\$46.4
1992 (Actual)	\$50.6
1993 (Actual)	\$39.1
1994 (Actual)	\$42.8
1995 (Actual)	\$50.6
1996 (Actual)	\$42.8
1997 (Actual)	\$38.0
1998 (Actual)	\$32.0
1999 (Actual)	\$26.5
2000 (Actual)	\$27.5
2001 (Actual)	\$25.2
2002 (Actual)	\$21.6
2003 (Estimate)	\$22.0
2004 (Estimate)	\$22.0



### **Spectrum Auctions**

In addition to regulatory fees, the Omnibus Budget Reconciliation Act of 1993 required the FCC to auction portions of the spectrum for certain services, replacing the former lottery process. The Commission is required to ensure that small businesses, women, minorities, and rural telephone companies have an opportunity to participate in the competitive bidding process. The original Spectrum Auction authority was scheduled to expire in FY 1998, however, it was extended through FY 2007 in the Balanced Budget Act of 1997. The Commission initiated regulations implementing the legislation and conducted its first round of auctions in July 1994. By the end of the first quarter of FY 2003, the Commission had completed 42 auctions. Between July 1994 and January 2003, total receipts from this program deposited in the General Fund of the U.S. Treasury exceeded \$14 billion. The Commission is involved in an on going dialogue with Congress and other Government agencies in an attempt to identify additional spectrum to be made available for public use through the auction process to address the needs of evolving technologies. In addition, the Commission and Congress are reviewing the possibility of applying the auctions concept to other services licensed by the Commission to expedite response to customer needs and encourage economic growth.

The Commission is authorized to retain from auction revenues those funds necessary to develop and implement the auction program. These funds cover the personnel and administrative costs required to plan and execute spectrum auctions; operational costs to manage installment payments, loan processing, and collections activities; the costs of bankruptcy litigation; development, implementation, and maintenance of the Universal Licensing System (ULS); and development of a combinatorial bidding system. This budget submission assumes the auctions program will continue to recover the costs of conducting all auctions activities from spectrum license receipts as the FCC

continues to use auctions as a licensing mechanism for communications services spectrum.

The Balanced Budget Act of 1997, P.L. 105-33, required that the Commission provide to authorizing committees a detailed report of all obligations in support of the auctions program for each fiscal year of operation, as a prerequisite to the continued use of auctions receipts for the costs of all auctions activities. The Commission is no longer required to submit an FCC Annual Report; however, the FY 2001 Auctions Report was provided to the appropriate oversight committees on September 10, 2002.

**Federal Communications Commission**  
**FY 2004 Annual Performance Plan**

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

### **INTRODUCTION:**

The Government Performance and Results Act of 1993 (GPRA) requires federal agencies to prepare annual performance plans that cover each program activity in the agency's budget. These plans must:

1. Establish performance goals to define the level of performance to be achieved by a program activity;
2. Express such goals in an objective, quantifiable, and measurable form;
3. Briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;
4. Establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;<sup>1</sup>
5. Provide a basis for comparing actual program results with the established performance goals; and
6. Describe the means to be used to verify and validate measured values.

In addition, GPRA requires that performance goals be based on the general goals in the agency's strategic plan.

---

<sup>1</sup> See page 6 for an explanation of the difference between outputs and outcomes.

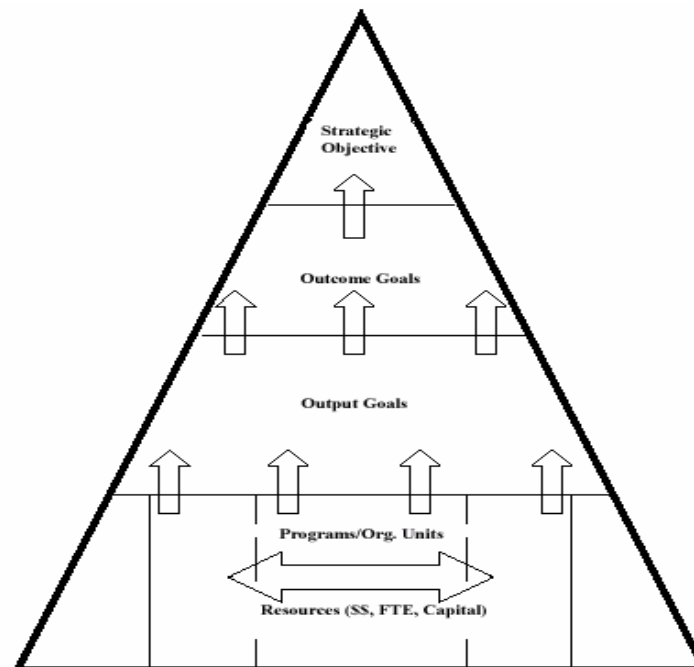
# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

OMB Circular A-11, Part 6 summarizes these statutory requirements by saying annual performance plans must contain three things:

1. Performance goals and indicators for a particular fiscal year,
2. Means and strategies to meet the goals, and
3. Verification and validation of data.

OMB illustrates this relationship in the following way – to reinforce that resource requests are to support the implementation of performance goals, which will lead to implementation of strategic (or general) goals and objectives:



# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

Following the direction of both GPRA and OMB Circular A-11, the remainder of this document contains the Federal Communications Commission's (FCC) FY 2004 Annual Performance Plan including:

1. General Goals/Performance Goals/Performance Indicators
2. Processes, Strategies, Skills, and Resources that Support each Budget Activity
3. Trend Information for FY 1999 - FY 2002
4. Validation Techniques

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

### **SECTION 1: GENERAL GOALS/PERFORMANCE GOALS/ PERFORMANCE INDICATORS**

The FCC has established six general goals in its FY 2003 - FY 2008 Strategic Plan. These goals are:

1. **BROADBAND:** Establish regulatory policies that promote competition, innovation, and investment in broadband services and facilities while monitoring progress toward the deployment of broadband services in the United States and abroad. 47 U.S.C. §157 and note.
2. **COMPETITION:** Support the Nation's economy by ensuring there is a comprehensive and sound framework for communications services. Such a framework should foster innovation and offer consumers meaningful choice in services. Such a pro-competitive framework should be promoted domestically and overseas. 47 U.S.C. §§251, 271, 253, 254, and 309(j).
3. **SPECTRUM:** Encourage the highest and best use of spectrum domestically and internationally in order to encourage the growth and rapid deployment of innovative and efficient communications technologies and services. 47 U.S.C. §§301 and 303(g).
4. **MEDIA:** Revise media regulations so that media ownership rules promote competition and diversity in a comprehensive, legally sustainable manner and facilitate the mandated migration to digital modes of delivery. 47 U.S.C. §§336 and 307(b); Telecommunications Act of 1996 §202(h).
5. **HOMELAND SECURITY:** Provide leadership in evaluating and strengthening the Nation's communications infrastructure, in ensuring rapid restoration of that infrastructure in the event of disruption, and in ensuring that essential public health and safety personnel have effective communications services available to them in emergency situations. 47 U.S.C. §§151, 606, and 337.
6. **MODERNIZE THE FCC:** Emphasize performance and results through excellent management. Develop and retain independent mission-critical expertise and align the FCC with dynamic and converging communications markets. 47 U.S.C. §155(a).

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

For each of these six general goals, the FCC has established one or more performance goals – for a total of eleven performance goals:

- BROADBAND: 1) Broaden the deployment of broadband technologies across the United States and globally.
- COMPETITION: 2) Ensure American consumers can choose among multiple reliable and affordable communications services.
- 3) Ensure that all American consumers retain reliable wireless/wireline phone service, and multichannel video service.
- 4) Create and maintain a two-way dialogue with regulators around the globe in order to foster the creation of pro-competitive global markets.
- 5) Create and maintain a two-way dialogue with American consumers so that they are informed about their rights and responsibilities in the competitive communications marketplace.
- SPECTRUM: 6) Ensure that the Nation's spectrum is used efficiently and effectively.
- 7) Advocate U.S. spectrum interests in the international arena.
- MEDIA: 8) Develop a sound analytic foundation for media ownership rules.
- 9) Facilitate the Congressionally-mandated transition to digital television and further the transition to digital radio.
- HOMELAND SECURITY: 10) Promote the reliability, security, and survivability of the communications infrastructure.
- MODERNIZE THE FCC: 11) Become a more responsive, efficient, and effective agency capable of facing the technological and economic opportunities of the new millennium.

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

For FY 2004 the FCC has developed 26 output activities that it will use to measure one year's progress toward the Commission's long-term general goals. Diagrams on the following pages illustrate the logical connection between the FCC's six long-term general goals, eleven annual performance goals, 26 FY 2004 output activities, and a series of outcome indicators, which serve as markers of success in achieving the general goals over the long term.

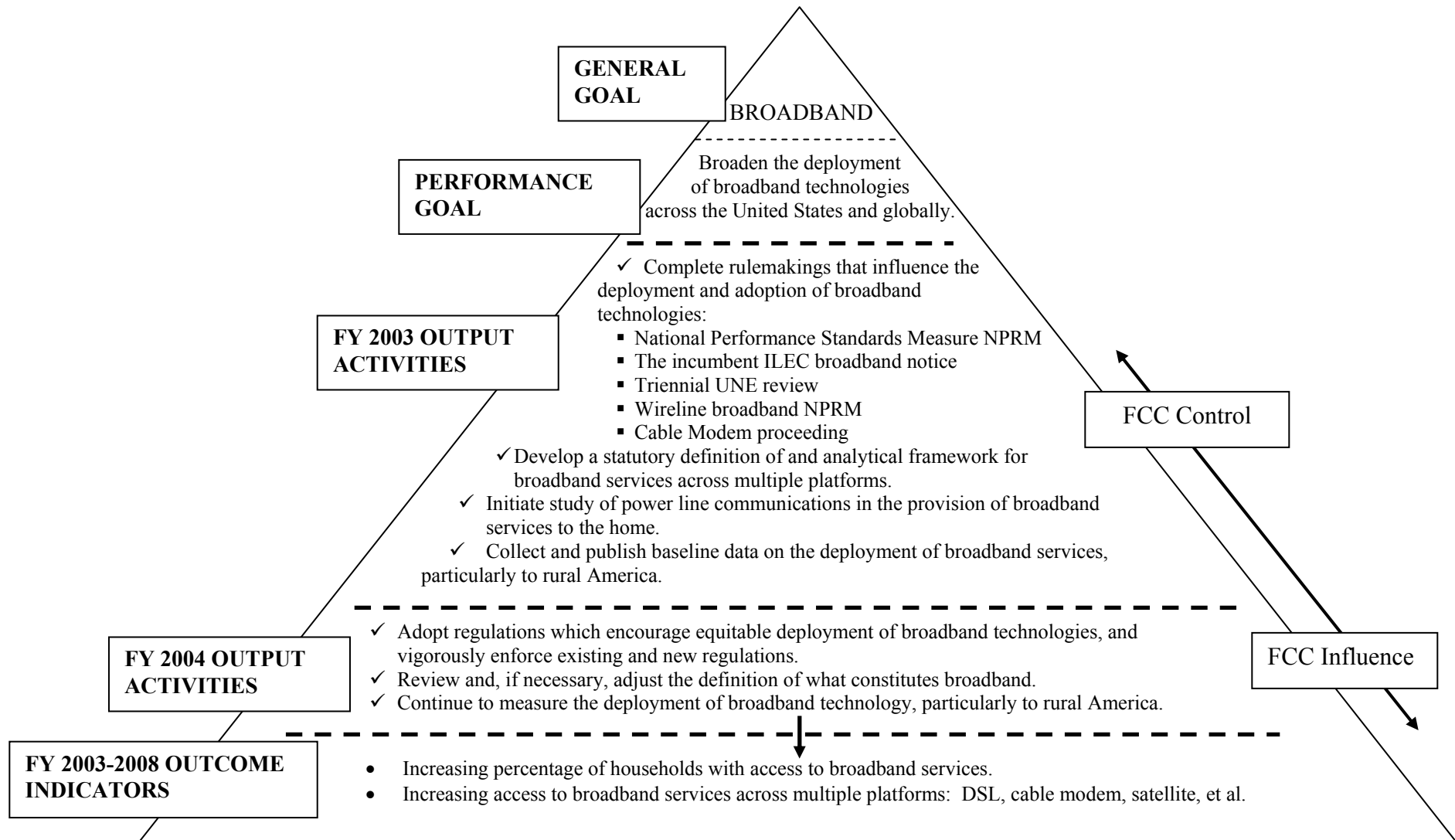
When reviewing the diagrams on the following six pages, the reader should note that diagrams show that the FCC, through its regulatory activities, influences numerous economic and social outcomes. However, since consumer choice, technological innovation, economic conditions, and international negotiations can all have greater effect on outcomes than FCC's regulatory activities, the FCC's approach to connecting its goals to outcomes measures those factors within the FCC's control – noted as output indicators. Beginning with the FY 2004 Annual Performance Report, the FCC will measure and provide data on the output indicators (within the FCC's control) and discuss the relationship between actual performance on these output indicators and the economic and social outcomes listed as outcome indicators.



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

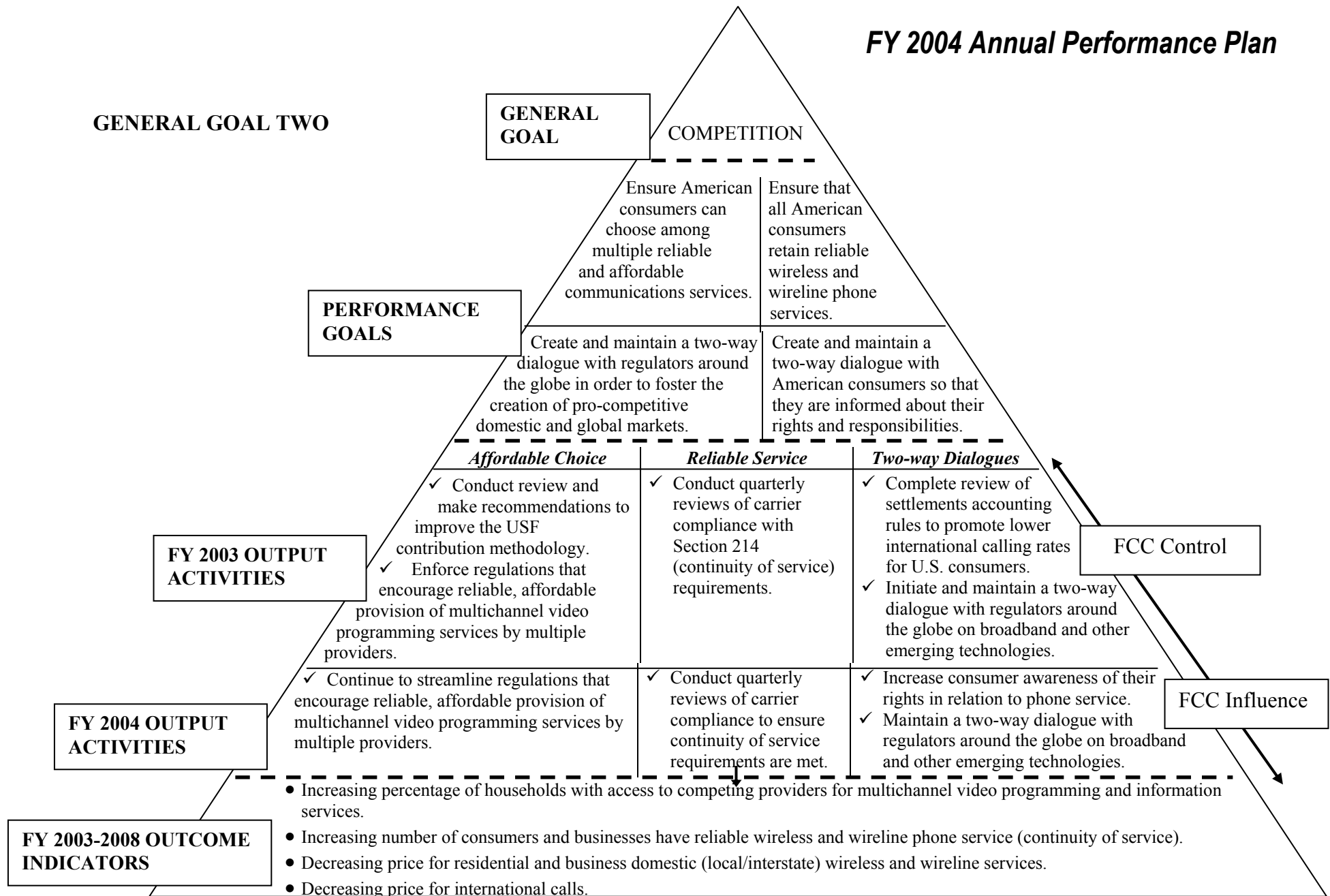
### GENERAL GOAL ONE



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

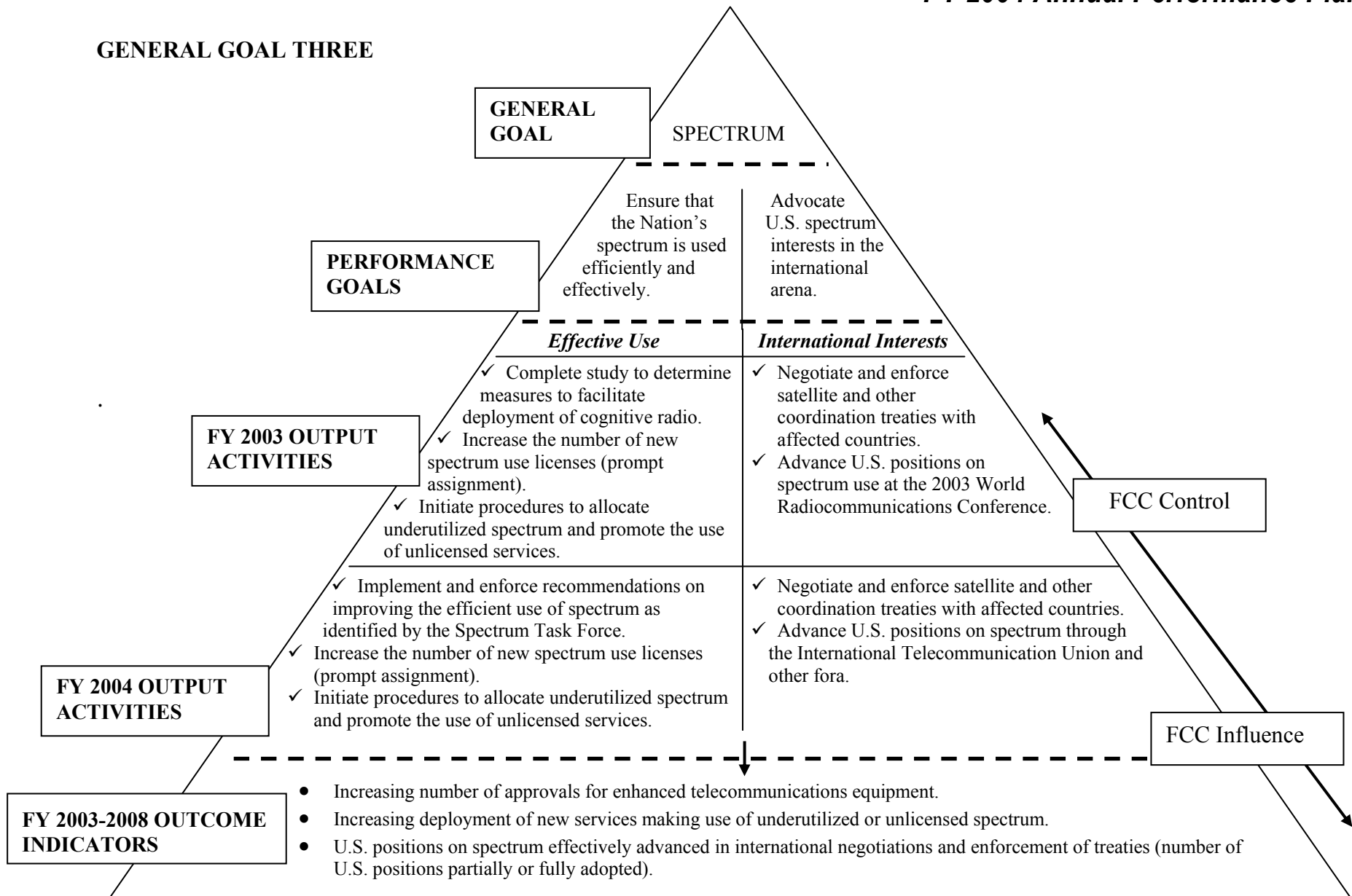
### GENERAL GOAL TWO



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

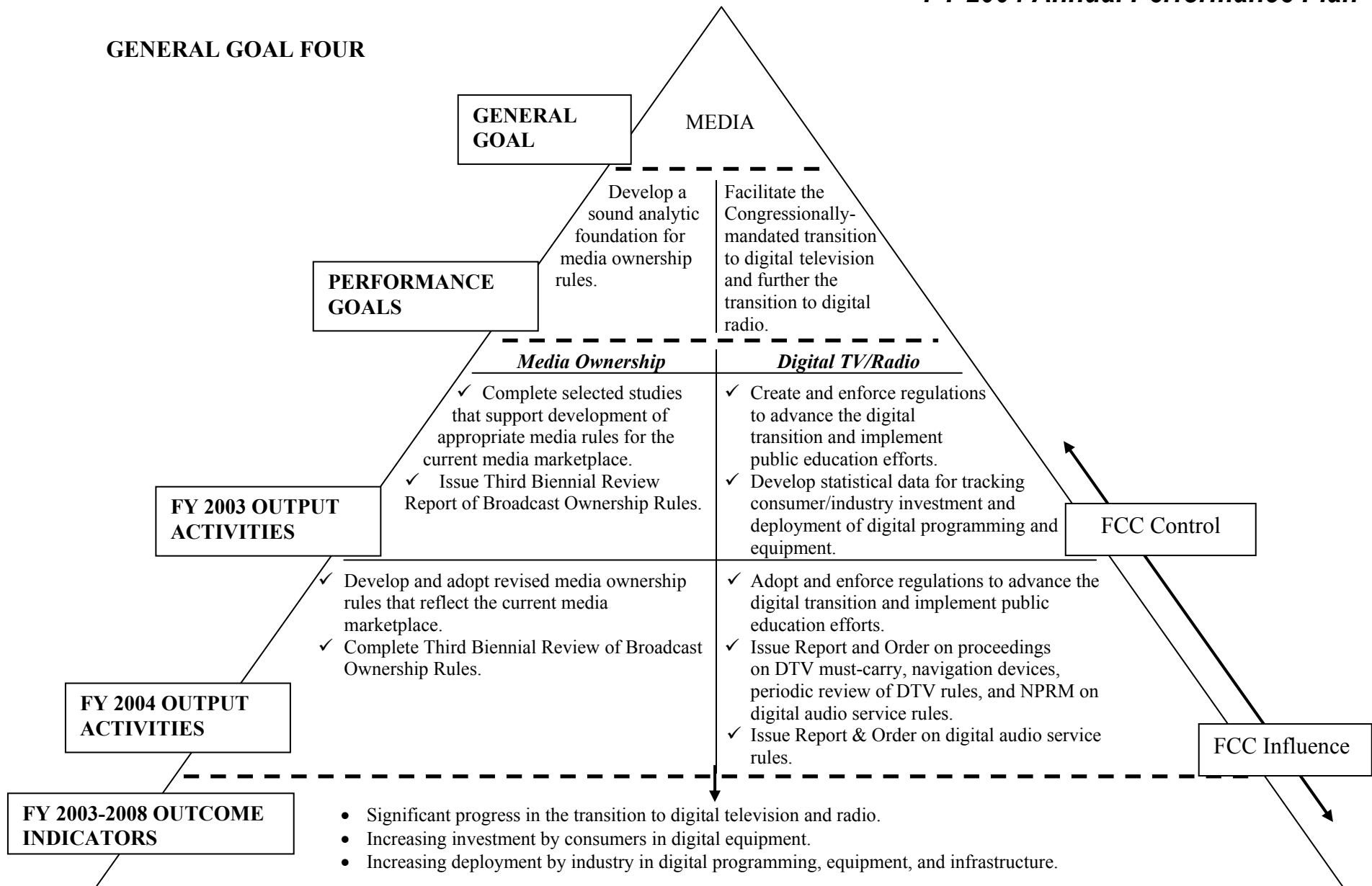
### GENERAL GOAL THREE



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

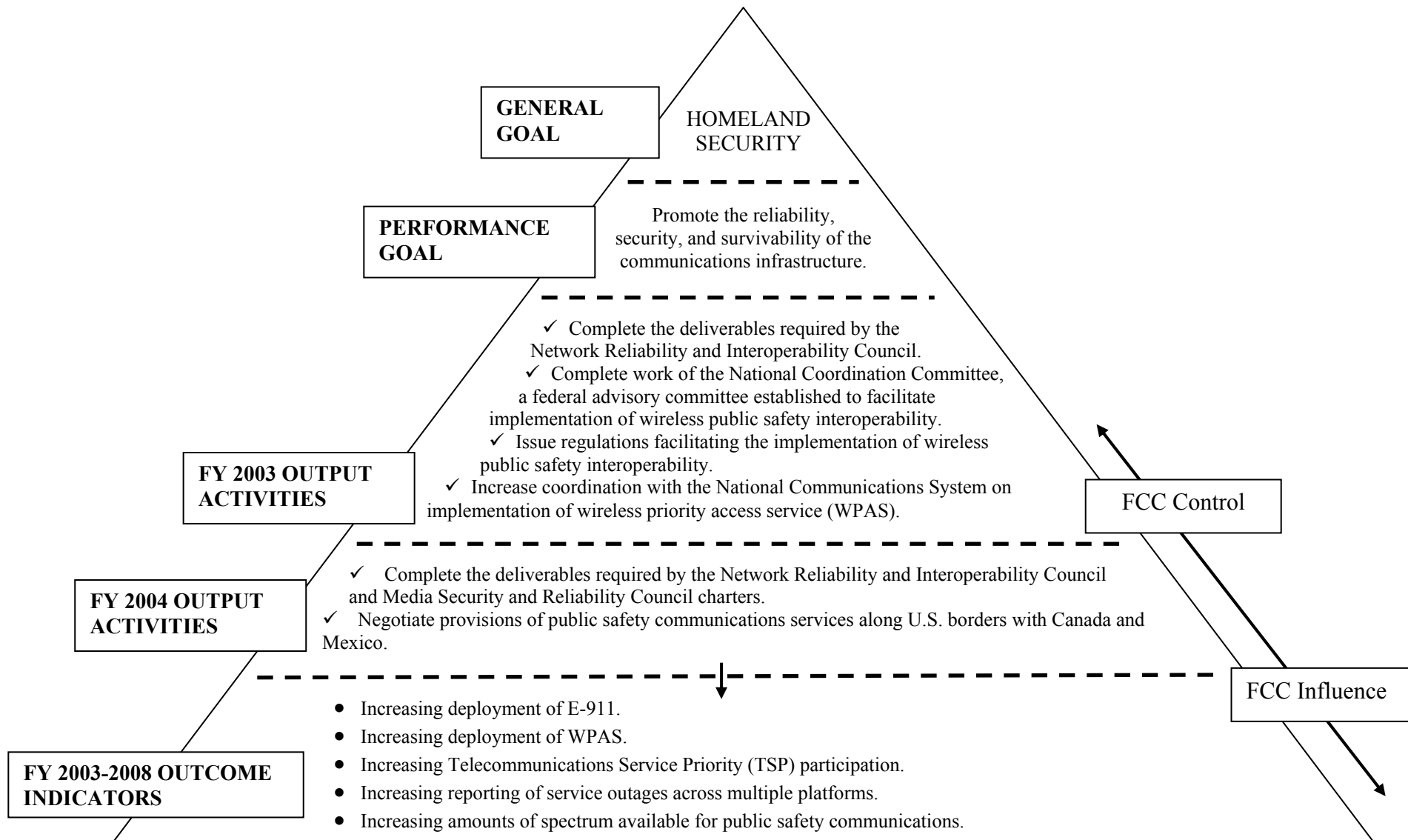
### GENERAL GOAL FOUR



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

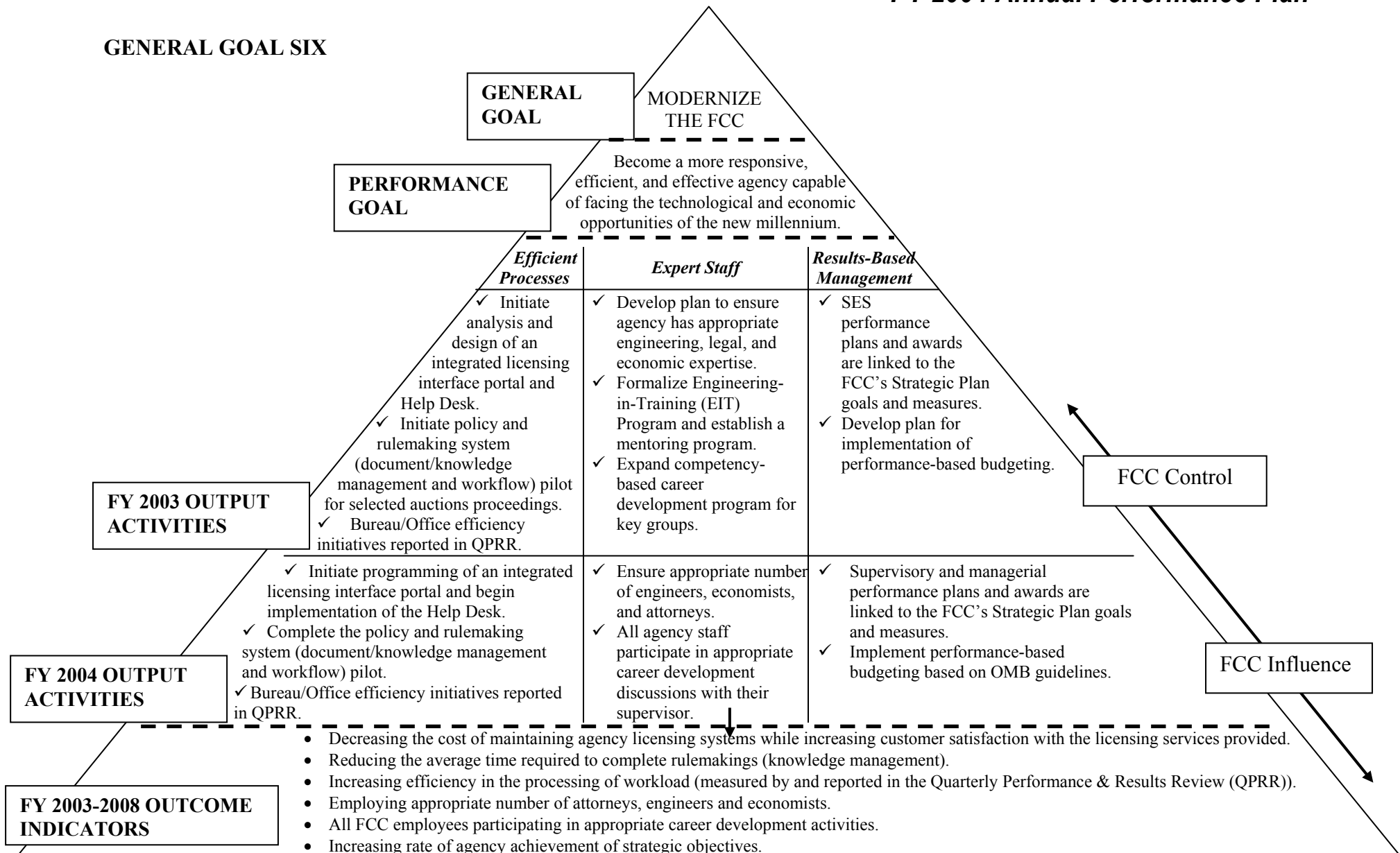
### GENERAL GOAL FIVE



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

### GENERAL GOAL SIX



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

### SECTION 2: PROCESSES, STRATEGIES, SKILLS, AND RESOURCES THAT SUPPORT EACH BUDGET ACTIVITY

	Enforcement	Competition	Licensing	Spectrum	Consumer Information
<b>Processes and Strategies</b>	Carry out strong enforcement of market opening requirements.	Clarify regulatory classification and access obligations, where appropriate.	Refine licensing assignment processes.	Study and understand U.S. spectrum use and market conditions.	Educate American consumers about broadband and its applications.
	Carry out strong and effective enforcement in harmful interference and public safety situations.	Eliminate unnecessary regulatory barriers.	Establish proper technical framework for the digital transition to progress.	Participate in national/international dialogues.	Educate American consumers about spectrum management issues, especially interference.
	Enforce interconnection and other competition-related regulations.	Gather data, study, and understand domestic and global communications markets.	Seek innovative ways, in collaboration with industry, to facilitate digital transition.	Promote flexible technology development.	Educate American consumers about media regulation and related issues, such as DTV and digital radio conversion.
	Vigorously enforce continuation of service requirements.	Develop coherent cross-media ownership policies and translate those policies into new ownership models.	Evaluate impact of FCC rules and practices on markets and consumers so that those rules that serve as barriers to innovation may be eliminated.	Get existing entities to recommend spectral efficiencies.	Increase governmental and non-governmental awareness of emergency remediation procedures, such as the Telecommunications Service Priority (TSP) system.
	Ensure our data collection and accounting rules are tailored to allow us to fulfill our oversight responsibilities.	Encourage universal service in a manner that is consistent with competition.	More credibly review license transfers to ensure they are in the public interest.	Work closely with governmental and private entities to ensure network interoperability, protection, reliability, and redundancy.	
		Increase digital broadband competition from multiple technology platforms.		Facilitate the deployment of life-saving E911 technologies.	
		Continually review FCC rules for balance and appropriateness.		Establish balanced policies for wireless priority access.	

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

	Enforcement	Competition	Licensing	Spectrum	Consumer Information
<b>Skills</b>	<p>Respond quickly in emergency situations.</p> <p>Foresee and plan for the unexpected.</p>	<p>Study and understand market conditions.</p> <p>Conduct innovative rulemakings, execute economically sound decisions, and conduct rigorous and effective policy analysis.</p> <p>Encourage the use of best practices among industry and government entities.</p> <p>Review, analyze, and rework regulations.</p> <p>Understand constantly changing technologies.</p> <p>Understand, explain, and encourage competition.</p>	<p>Conduct innovative reengineering to speed up licensing processes.</p> <p>Negotiate technically sound and socially fair prioritized policies, procedures, and agreements.</p> <p>Review and analyze mergers.</p>	<p>Study and understand technologies.</p> <p>Carry out international communication and negotiation.</p> <p>Carry out sound engineering studies on impacts of spectrum sharing.</p> <p>Gain full technical knowledge of the actual impact of various spectrum practices on interference.</p> <p>Understand and anticipate technological developments.</p> <p>Negotiate in international for a for global spectrum allocation.</p>	<p>Facilitate conversations among key groups (state and local governments and industry) to identify best practices.</p> <p>Collaborate and communicate with industry and advisory committees.</p> <p>Gather, analyze, and communicate information with Congress and consumers.</p>



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

	Enforcement	Competition	Licensing	Spectrum	Consumer Information
<b>Resources</b>	<p>Enforcement experts, auditors, attorneys, engineers, economists, analysts.</p> <p>Enforcement fleet.</p> <p>Monitoring and testing equipment.</p>	<p>Economists, attorneys, engineers, analysts.</p> <p>Hardware and software for assessing today's markets and forecasting future conditions.</p>	<p>Attorneys, economists, engineers, analysts.</p> <p>Hardware and software for a universal licensing system.</p>	<p>Public safety experts, state and local first-responder experts, international negotiation experts, engineers, attorneys.</p> <p>Enclosed test facility.</p> <p>Monitoring and test equipment.</p> <p>Back-up emergency equipment.</p>	<p>Consumer advocates, state and local government experts, attorneys, analysts.</p> <p>Publications, displays, presentation software and hardware.</p>
<b>FY 2004 Request for Additional Resources.</b>		<p>\$3 million is requested for the Office of Inspector General to complete audits in the financial, loan servicing and information technology areas and to ensure that all FCC activities are free from waste, fraud and abuse.</p>		<p><b>20 FTEs</b> requested to ensure effective management of the electromagnetic spectrum and to encourage the provision of new technologies and services to the public.</p> <p>An additional <b>\$500,000</b> will be needed to support these positions.</p> <p><b>\$500,000</b> is needed to complete work on the OET enclosed test facility project which began in FY 2003.</p>	

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

### **SECTION 3: TREND INFORMATION FOR FY 1999-FY 2002<sup>2</sup>**

As the Federal Communications Commission has followed the mandate to update its strategic plan every three years, it has also revised its performance goals and indicators. For instance, the FCC's FY 1999 performance plan had 13 performance goals under which there were 68 performance indicators. These indicators dealt with the need to reduce processing times, streamline systems, and improve access to information.

Beginning in FY 2000, with the issuance of a revised strategic plan, the FCC migrated to a performance plan based upon the following four general goals and thirteen performance goals:

1. Create a more efficient, effective, and responsive agency.
  - a. Automate agency processes.
  - b. Streamline agency's processes and procedures.
  - c. Provide improved access to all agency information.
  - d. Reorganize to create an agency infrastructure conducive to convergence.
  - e. Preserve and increase the wealth of knowledge and expertise of FCC staff.
2. Promote competition in all communications markets.
  - f. Eliminate barriers to entry in domestic markets.
  - g. Deregulate where appropriate to promote competition.
  - h. Promote competition in international communications markets.
  - i. Enforce the rules so businesses compete fairly.
3. Promote opportunities for all Americans to benefit from the communications revolution.
  - j. Promote access for all Americans to communications services.
  - k. Promote consumer education and information.
4. Manage the electromagnetic spectrum in the public interest.
  - l. Promote more efficient use of spectrum.
  - m. Foster the increased availability of spectrum.

---

<sup>2</sup> At the time this plan was submitted to OMB (September 2002) actual performance data for FY2002 were unavailable. Actual FY 2002 performance data will be added to this plan when it is updated to reflect the President's budget request for FY 2004 (January/February 2003).

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

As illustrated by the following table, 41 performance indicators were used in FY 2000 – FY 2002 to evaluate the FCC’s success in meeting its general and performance goals:

**Number of Individual Performance Indicators by Budget Activity/General Goal**

General Goal ↓	Budget Activity →	Licensing	Competition	Enforcement	Consumer Information	Spectrum Management	Performance Initiatives
Be efficient and effective		4			2		7
Promote competition			13	4			
Promote opportunities			5		2		
Manage spectrum						4	

Data on the FCC’s actual performance by each general goal over the FY 1999 - FY 2002 period is depicted in the following tables:

### **Goal 1 – Create a More Efficient, Effective, and Responsive Agency:**

<i>Performance Goals – Automate and Streamline<sup>3</sup></i>	FY99		FY00		FY01		FY02	
	<i>Goal</i>	<i>Actual</i>	<i>Goal</i>	<i>Actual</i>	<i>Goal</i>	<i>Actual</i>	<i>Goal</i>	<i>Actual</i>
(A) Electronic Filing	Provide electronic filing capabilities for licensing bureaus/offices.	Provided electronic filing capabilities for licensing bureaus/offices.	60%	60%	70%	77%	80%	92%
(B) Speed of Disposal	90%	88%	90%	89%	90%	94%	95%	96%
(C) Backlog Reduction	No FY99 goal.	--	60%	96%	90%	98.5%	95%	98.3%
(D) Petition for Reconsideration	No FY99 goal.	--	75%	38%	90%	94%	95%	97%

<sup>3</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Automate Processes</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ New goal.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Complete review of e-commerce options in procurement. Prepare comprehensive plan for implementation.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Make all FCC competitive solicitations available online by October 2001.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Several solicitations posted on FCC web site.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The FCC is registered with FedBizOpps. An E-Commerce Team designed a web page for FCC's Contracts and Purchasing Center (CPC) to post solicitations and other pertinent procurement information. The web page has links to allow access to Pre-Award Synopses and Solicitations.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Effective October 2001, all competitive solicitations were available online at <a href="http://www.FedBizOpps.gov">www.FedBizOpps.gov</a>.</li> </ul>

<i>Performance Goal – Automate Processes</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ New goal.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Conduct review to identify additional contracts with performance-based applications.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Increase current number of performance-based contracts in excess of \$25,000 by 20%.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 9 performance-based contracts in place.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Established a Performance-based Contracts Training Program and put 11 performance-based contracts in place.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 14 performance-based contracts in place, representing a 22% increase over FY 2001.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Automate Processes</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Complete systems requirements and initiate a rule making to implement an FCC registration system.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Complete rule making and implement registration system in time for annual regulatory fee collection cycle.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Begin replacement of “publish and pay” system with the direct billing of licensees.</li> <li>➤ 25% of all licensees billed directly for regulatory fees.</li> <li>➤ Modify collections system to allow for payment of fees for multiple licenses in a single transaction.</li> <li>➤ 15% of regulatory fees paid online.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Systems requirements and draft rulemaking completed.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The Report and Order, “Adoption of Mandatory FCC Registration Number (MD Docket #00-205)” was approved August 24, 2001. An FRN became mandatory on December 3, 2001.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The FCC replaced the “publish and pay” system with a new revenue system accounts receivable module that was implemented September 2002. This module allowed direct billing of licensees.</li> <li>➤ The FCC identified candidates for billing at least 25% of expected revenue for FY02. \$107.7 million in actual assessments were billed which comprised 49.2% of the total collection of \$218.8 million revenue for FY02, far exceeding its 25% goal.</li> <li>➤ The FCC completed modification to the collections system to allow for payment of fees for multiple licenses in a single transaction.</li> <li>➤ An online payment system was developed. 646 regulatory fee payments, representing 55% of all monies collected, were received online.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Streamline Processes</i>	<i>Actual Performance</i>
<p>FY99-01:</p> <ul style="list-style-type: none"> <li>➤ No goals.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Conduct a cost comparison of FTEs based on the FY00 FAIR Act Inventory.</li> </ul>	<p>FY02:</p> <ul style="list-style-type: none"> <li>➤ On August 16, 2002, the FY 2002 FAIR Act Inventory was submitted to the Office of Management and Budget providing an inventory of commercial and inherently governmental activities. In FY 2002, functions of the library, which had been identified in the 2001 inventory, were contracted out.</li> </ul>

<i>Performance Goal – Improve Access</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 50% of all agency materials accessible in alternative format within 5 days of request.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ 75% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 90% of agency materials will be accessible within 3 days of request. Audiotapes will be available within 1 week.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Developed an “on demand” approach to making our material accessible. FCC material is available in audio, Braille (transcribed), Braille (embossed), diskette, and large print.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The FCC filled requests from persons with disabilities for alternatively formatted information within 1 to 2 days after a request was submitted. Audiotapes were provided within 2 days of initial request.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 98% of alternatively formatted information was available for persons with disabilities within 1 to 2 days of the request. Audiotapes were provided within 2 days of initial request.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Improve Access</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Define requirements for agency-wide plan to improve online access to FCC information.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Develop phased-in plan to improve online access to FCC information.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Implement plan to improve access to FCC information via the Internet.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Established a web evaluation task force to survey our customers and identify ways to improve access to all FCC information.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Established the Web Content Management Committee.</li> <li>➤ Redesigned the agency's web site to make information compliant with Section 508 disability requirements. Implemented a new enterprise search engine. Unveiled "Bienvenidos," our Internet pages for Spanish-speaking consumers.</li> <li>➤ Implemented web-based telephone company locator system.</li> <li>➤ Implemented Electronic Document Management System (EDOCS) to provide a central repository of official documents released by the FCC.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The agency's web site redesign was completed. Current web pages provide consumers and the industry with improved and timelier access to FCC information.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal - Reorganize</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Develop plan for Phase 2 of reorganization: consider options for streamlining licensing processes.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Develop plan for Phase 3 of reorganization.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Evaluate restructuring initiatives.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ A licensing task force reviewed options for streamlining the licensing process and provided recommendations to the Chairman in March 2000.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The Reorganization Plan was completed in August 2001. The FCC adopted the Reorganization Order in December 2001 with implementation targeted for March 25, 2002.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Effective March 25, 2002, the FCC implemented a major reorganization with the establishment of three new bureaus – Media Bureau, Wireline Competition Bureau and Consumer and Governmental Affairs Bureau; in addition to the consolidation of enforcement and consumer information functions agency-wide.</li> </ul>



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Increase Staff Expertise<sup>4</sup></i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.  FY00: ➤ Increase engineering staff by 5% over FY99 baseline, including entry-level engineers.  FY01: ➤ Increase engineering staff by 5% over FY99 baseline.  FY02: ➤ Increase engineering staff by 10% over FY99 baseline.	FY00: ➤ FCC exceeded 5% goal by hiring 15 engineers, including 5 entry-level recruits.  FY01: ➤ FCC exceeded 5% goal by hiring 29 engineers, including 12 entry-level recruits. The agency launched an aggressive “Engineer-in-Training Program.”  FY02: ➤ FCC exceeded 10% goal by hiring 34 engineers, including 18 entry-level recruits. Through the Engineer-in-Training Program, 10 universities were visited to conduct on-campus recruitment.

<sup>4</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Increase Staff Expertise<sup>5</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Establish a training task force to address issues of continuing education.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Establish two legal, technical, and managerial training modules.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Establish one additional legal, technical, and managerial training module.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Established a Digital Age Steering Committee and Training Group to address issues of continuing education. New training schedule developed in October 2000.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Increased training opportunities for employees through the development of an FCC Training Plan.</li> <li>➤ Established an “Excellence in Engineering” Program for technical and non-technical employees.</li> <li>➤ An Excellence in Economic Analysis Program was implemented.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Developed a FY02 Learning and Development Program.</li> <li>➤ Established the Excellence in Engineering Graduate Degree Program, which provides up to 3 years tuition support for engineers enrolled in an accredited post-graduate degree program.</li> <li>➤ Developed a Knowledge Sharing Program to increase knowledge and communications, and to improve relationships between Headquarters and Field Office personnel.</li> <li>➤ Implemented a training needs assessment to ensure that in-house courses offered mirror Bureau/Office needs.</li> <li>➤ Created and published both print and on-line versions of the FCC University competency-based training catalog.</li> <li>➤ Revised the electronic Training Request Form 182 to improve accuracy, and to include second level supervisory signature.</li> </ul>

<sup>5</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Increase Staff Expertise<sup>6</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Implement telecommuting alternative.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Implement at least 2 alternative work schedules; e.g., telecommuting, job-sharing, flexible work schedules.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Identify additional options to attract, reward, and retain skilled employees.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 15% of FCC staff were telecommuting by the end of FY00. Flexible work schedules are available to all FCC employees.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ During FY01, 16% of FCC employees telecommuted at least one day a week.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ During FY 2002, the FCC established a Recruitment Bonus program as a means to attract new employees, with a total of 19 bonuses approved. The Telecommuting Program continues to be popular with approximately 325 regular telecommuters and 110 ad hoc telecommuters. The telecommuting program provides additional flexibility to employees in completing their work at home and other locations.</li> </ul>

<sup>6</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

### Goal 2 – Promote Competition in All Communications Markets:

<i>Performance Goal – Appropriate Deregulation</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Evaluate whether certain regulations are no longer necessary.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Complete an aggressive 2000 Biennial Review aimed at eliminating unnecessary rules and regulations.</li> <li>➤ 10% reduction in the number of forms required by the FCC.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ 20% reduction in the number of forms.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 30% reduction in the number of forms required by the FCC, using FY99 as a baseline.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Initiated a number of rule makings to eliminate obsolete or overlapping regulations and/or reporting requirements.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Biennial Review completed on schedule. The FCC issued a Memorandum Opinion and Order relaxing a number of mass media procedures.</li> <li>➤ 14 forms eliminated, and 12 added for an annual reduction of 1.4%.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ During FY01, the FCC eliminated 20 forms and established 9 new forms with a year-end total of 130, representing a 9.1% reduction from FY99 (143 FCC forms).</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ During FY 2002, the FCC eliminated 12 forms and established 1 new form with a year-end total of 119, representing a 16.8% reduction from FY 99 (143 FCC forms). Due to data collection requirements imposed by Congress, the FCC failed to meet this goal. However, we have determined that a preferred way to measure the agency's progress in reducing reporting requirements would be to review 50% of the agency's forms annually, and streamline and modernize forms, where appropriate. This performance measurement will be implemented in FY03.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Appropriate Deregulation</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Initiate rule makings to update Part 68 equipment registration rules.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Begin reduction in technical rules for certifying equipment.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ 20% reduction in technical rules for certifying equipment.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 40% reduction.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ An NPRM proposing to deregulate Part 68 rules was prepared for consideration during FY00.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ FCC began designating domestic Telecommunications Certification Bodies (TCB) for certifying equipment in June 2000. Completed revision of the Part 68 Order.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The backlog of equipment authorization applications was reduced from 700 to less than 200 (71.4%). Processing time for equipment authorization applications declined from an average of 51 days to 37 days.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ NOTE: The FCC achieved its goal of streamlining its technical certification rules ahead of schedule and this performance measure will be discontinued.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Eliminate Barriers<sup>7</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Authorize DTV service.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Authorize In-Band On-Channel Service (conversion of analog radio to digital).</li> <li>➤ Adopt Report and Order in Digital Audio Broadcasting Proceeding.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ License all commercial DTV stations (on air).</li> <li>➤ License national digital radio service.</li> <li>➤ Assess competition in the multi-channel market.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 67 of 1,314 (5.1%) DTV commercial stations were licensed; and 8 of 384 (2.1%) non-commercial stations were licensed.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The digital radio goals were not achieved because the AM and FM systems had not been fully developed or tested. It is expected that NRSC will complete the AM evaluation in mid-FY02. The Commission will, in turn, issue a Public Notice soliciting public comment on the NRSC AM system recommendations.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ A total of 278 or 16.3% of 1,698 states were licensed – 233 (17.7%) commercial DTV stations (on air) and 45 (11.7%) non-commercial DTV stations.</li> <li>➤ The FCC adopted a Report and Order in 2002 selecting a digital transmission technology.</li> <li>➤ The FCC expects to adopt a Further Notice of Proposed Rulemaking in FY 2003. A Second Report and Order to adopt transmission standards, technical standards, and service and licensing rules is expected in FY 2004.</li> <li>➤ The vast majority of consumers can choose among at least 3 competitive multi-channel video programming providers, a cable operator and 2 DBS operators. In FY 2002, the FCC designated the proposed merger of the 2 primary DBS providers for hearing, in part, due to concerns regarding the elimination of competitive alternatives for consumers.</li> </ul>

<sup>7</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

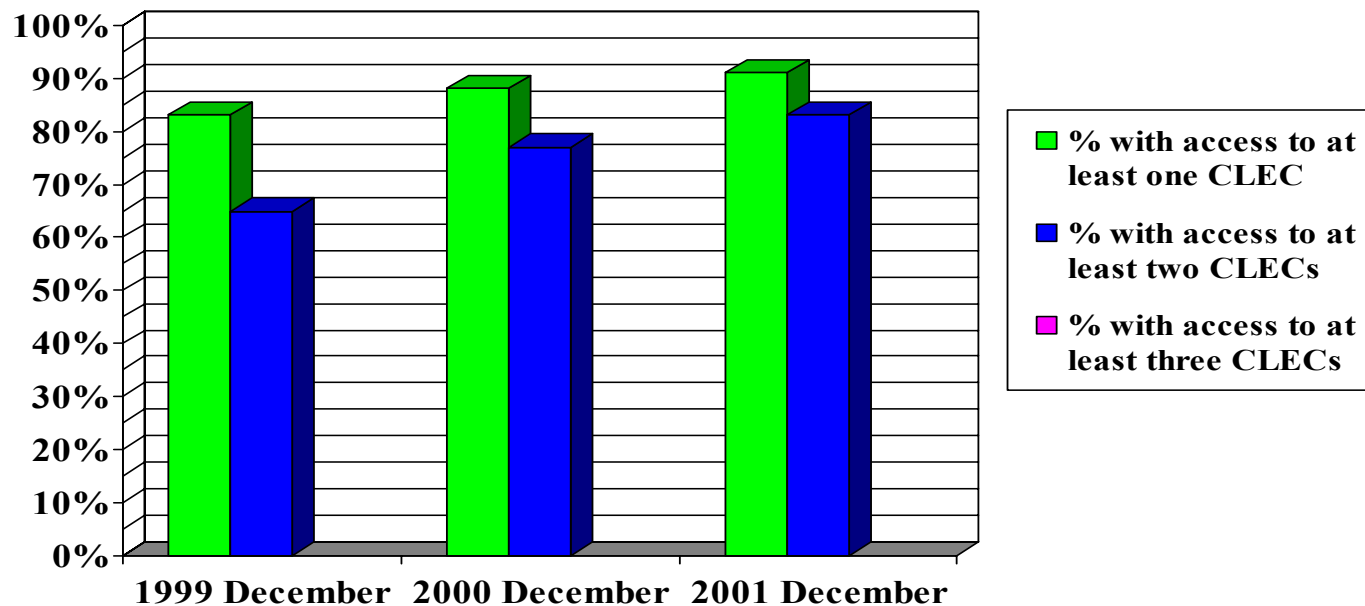
# FEDERAL COMMUNICATIONS COMMISSION

*FY 2004 Annual Performance Plan*

*Performance Goal – Eliminate Barriers*

## LOCAL EXCHANGE CARRIER COMPETITION

(Goal 02: 90% of Households with Access to 1 Competitive Local Exchange Carrier (CLEC); 80% with 2; and 10 % with 3 CLECs)



Data is based on one or more CLECs in a zip code. December 2002 statistical data will not be available until July 2003 and will track households with access to 3 CLECs.

# FEDERAL COMMUNICATIONS COMMISSION

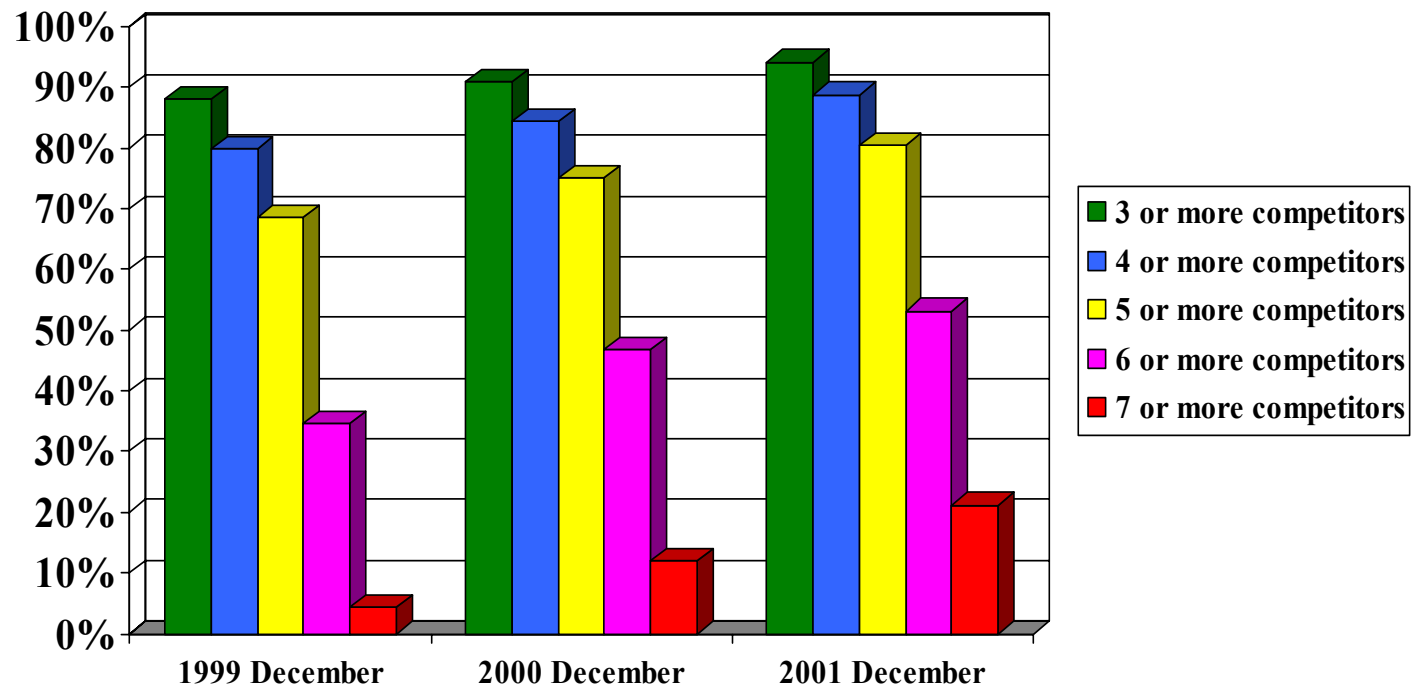
*FY 2004 Annual Performance Plan*

*Performance Goal – Eliminate Barriers*

## WIRELESS COMPETITION

**(FY 02 Goal: 80% Population with Access to 5 or More Providers)**

Source of Data: Seventh Annual CMRS Competition Report, July 2002





# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Eliminate Barriers</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Work closely with other Federal agencies, state commissions and the public to ensure the expeditious processing of Section 271 applications.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Expeditiously process Section 271 applications within 90 days of receipt.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Expeditiously process Section 271 applications within 90 days of receipt.</li> <li>➤ Periodic review of UNE requirements.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Expeditiously process Section 271 applications within 90 days of receipt.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Obtained ex parte exemption to allow free communication/close coordination with Department of Justice in reviewing Section 271 applications.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ The FCC received 4 applications 2 of which were approved and 2 withdrawn; thereby meeting 100% of its processing goals.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The FCC received 6 applications covering 7 states. Five applications were approved during FY01.</li> <li>➤ 100% of processing goals were met pursuant to the competitive requirements of Section 271 of the Act.</li> <li>➤ On December 20, 2001, the FCC released an NPRM seeking to examine the framework under which incumbent local exchange carriers (LECs) must make unbundled network elements available to requesting carriers.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The FCC processed 12 applications covering 26 states. Eight applications were approved/processed and four were withdrawn during FY02. 100% of processing goals were met pursuant to the competitive requirements of Section 271 of the Act. In doing so, the FCC increased competition in the long-distance market through Bell Operating Company entry into in-region long-distance.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Eliminate Barriers</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Develop new merger review timetable.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Act on all major merger and acquisition applications within 180 days of receipt.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Same as FY01.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ New merger timetable implemented. All mergers were reviewed within 180 days.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Thirteen major mergers were acted on within 180 days of being placed on public notice. Two mergers exceeded the goal of 180 days.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Fifteen major mergers were acted on within 180 days of being placed on public notice and two mergers exceeded the goal of 180 days: COMSAT/Telenor (209 days) and Iridium/"Old" Iridium (230 days). Both the COMSAT/Telenor and Iridium/"Old" Iridium transactions involved licenses for satellites and required consideration of issues of foreign ownership (indeed, COMSAT/Telenor resulted in the highest level of indirect foreign government ownership in a licensee approved by the Commission).</li> </ul>

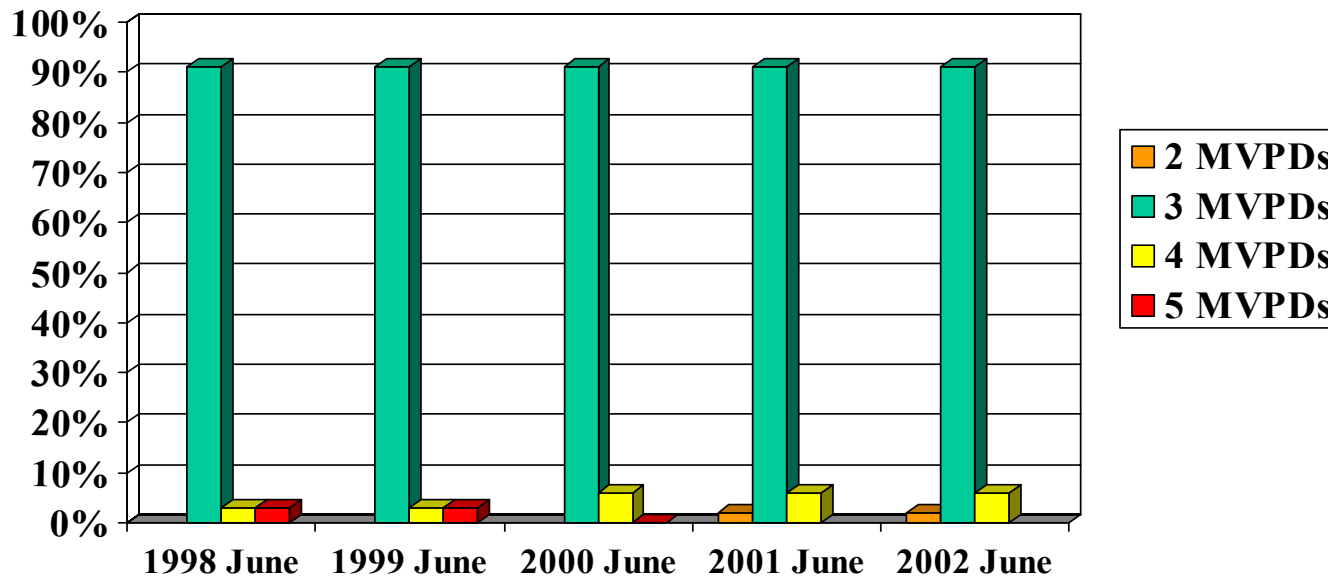
# FEDERAL COMMUNICATIONS COMMISSION

*FY 2004 Annual Performance Plan*

*Performance Goal – Eliminate Barriers*

## MULTICHANNEL VIDEO/BROADCASTING PENETRATION

(FY 02 Goal: 10% of Households with Access to 3 or More  
Multichannel Video Programming Distributors)



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – International Competition</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ We will continue to participate in global standard setting for communications services.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many of new entrant systems as possible.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Same as FY00.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Proposed rules to implement the international arrangements governing Global Mobile Personal Communications by Satellite adopted by ITU.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ The FCC developed an innovative licensing approach for a new generation of mobile satellite services in the 2GHz frequency band, and released an NPRM and Report and Order addressing difficult spectrum sharing issues between the terrestrial fixed and fixed satellite services.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Issued an Order finalizing the INTELSAT privatization under the Orbit Act with 17 INTELSAT authorizations.</li> <li>➤ Adopted an Order approving Inmarsat privatization consistent with the Orbit Act and authorized four companies to operate Inmarsat terminals in the United States.</li> <li>➤ Adopted an NPRM exploring the possibility of allowing mobile satellite service operators to use terrestrial components in their mobile satellite service spectrum.</li> <li>➤ Issued 11 satellite licenses for 34 orbit locations in the Ka-Band.</li> <li>➤ Issued 8 licenses for launch and operation of 8 mobile satellite systems in the 2 GHz band.</li> <li>➤ Proposed an allocation for satellite services in the V-Band that allowed terrestrial operation to take place in the same band.</li> <li>➤ Proposed a band arrangement and licensing rules for NGSO/FSS satellite operators in the Ku-Band.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – International Competition</i>	<i>Actual Performance</i>
Continuation—  FY 02: ➤ Encourage satellite and wireless industries to develop sharing mechanisms whenever possible and license as many of new entrant systems as possible.	FY02: ➤ Issued a Report and Order setting out sharing arrangements between NGSO FSS Ku-band licensees. ➤ Issued 7 new space station licenses. ➤ Issued 260 new earth station licenses. ➤ Authorized the addition of one foreign-licensed satellite provider to the “permitted list,” allowing automatic access by any routine earth station in the United States. ➤ Issued a second Notice of Proposed Rulemaking exploring the options for streamlining the earth station application process. ➤ In June 2002, the FCC released an Order modifying Parts 43 and 63 of the Rules. The Order clarified the intent of several rules and modified rules to remove unnecessary regulations.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – International Competition</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	
FY00: ➤ Average price for an international call: \$.65 per minute.	FY00: ➤ Average price of an international phone call: \$0.51 per minute.
FY01: ➤ Average price of an international call: \$0.55 per minute.	FY01: ➤ The average price of an international call as of December 2000 was \$0.43 per minute.
FY02: ➤ Average price of an international call: \$0.45 per minute.	FY02: ➤ The average price of an international call as of December 2001 was \$0.33 per minute.

<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	
FY00: ➤ 10% reduction in the number of long-distance slamming informal complaints.	FY00: ➤ Significant monetary fines were levied on carriers guilty of slamming practices.
FY01: ➤ 20% reduction in the number of long-distance slamming informal complaints.	FY01: ➤ 51% reduction in the number of long-distance slamming informal complaints.
FY02: ➤ 40% reduction in the number of long-distance slamming informal complaints.	FY02: ➤ In FY 2002, a total of 4,179 slamming complaints were filed with the FCC, representing a 41.2% reduction over FY 2000 (baseline). Approximately, 1,986 slamming complaints were forwarded to “opt-in” states to resolve and were not included in the FCC’s FY 2002 results.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Implement all disability accessibility rules; achieve 65% compliance with new disability rules.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Achieve 80% compliance with new disability rules.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Achieve 85% compliance with new disability rules.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Released an Order implementing Section 255 of the Telecommunications Act.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ The FCC continues to monitor disability actions and has resolved a number of informal complaints. No formal complaints were filed in FY00.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The FCC continues to monitor disability-related enforcement issues and has initiated one investigation in this area. No disability-related formal complaints were filed in FY01.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ No disability-related formal complaints were filed in FY02.</li> <li>➤ The FCC now tracks all Disability-related inquiries and complaints on its Operations Support for Complaint Analysis and Resolution (OSCAR) reporting system. This has significantly improved the agency's ability to identify trends in Disability issues as they arise, and to expand its outreach efforts to the Disabilities community and other interested parties. Since April 2002, when this tracking commenced, 650 disability inquiries and complaints have been recorded.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 10% increase in Common Carrier formal complaints resolved per attorney.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ 25% increase in Common Carrier formal complaints resolved per attorney.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 50% increase in Common Carrier formal complaints resolved per attorney.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Pending formal Common Carrier complaints were reduced by 21% over FY98 levels.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 71% increase in Common Carrier formal complaints resolved per attorney.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The FCC far exceeded this goal, achieving a 187% increase in the number of Common Carrier formal complaints resolved per attorney (using FY99 as a baseline). Improved efficiency in resolving complaints makes the formal complaint process a more credible option for dispute resolution and a deterrent to unlawful conduct.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The FCC far exceeded this goal, achieving a 134% increase in the number of Common Carrier formal complaints resolved per attorney (using FY99 as a baseline). Improved efficiency in resolving complaints makes the formal complaint process a more credible option for dispute resolution and a deterrent to unlawful conduct.</li> </ul>



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Enforce Rules</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Enhance our capabilities to resolve radio interference problems by updating our radio direction finding systems.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 85% compliance with antenna registration, marking and lighting rules.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ 90% compliance with antenna registration, marking and lighting rules.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 92% compliance with antenna registration, marking and lighting rules.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Updated a variety of radio direction finding systems to aid in enforcement activities.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ The FCC inspected 2,151 towers: 92% were registered and 94% were properly marked and lit.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Inspected 2,156 towers: 97% were registered and 96% were properly marked and lit.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The FCC inspected 3,613 towers, 98.4% were registered. 92.6% were properly painted and lit. This goal benefits the consumer by promoting air safety. The drop in percentage of towers properly marked and lit reflects the expansion of the geographic area in which inspections were conducted, thus casting a “wider net” to find noncompliant towers.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

### Goal 3 – Promote Opportunities for All Americans to Benefit from the Communications Revolution:

<i>Performance Goal –Consumer Education</i>	<i>Actual Performance</i>
FY99: ➤ No FY99 goal.	
FY00: ➤ Approve Numbering Resource Optimization plan.	FY00: ➤ FCC issued two Report and Orders on Numbering Resource Optimization.
FY01: ➤ Decrease number of new area codes added by at least 8%.	FY01: ➤ Compared to 46 new area code activations during 1989-1999, 14 new area codes were activated in 2000, and 20 codes were scheduled to be activated in 2001. This represents a significant decline in area code activation.
FY02: ➤ Decrease number of new area codes added by at least 20%.	FY02: ➤ Approximately 20 new area codes were activated in 2001, and approximately 10 new area codes have been activated in 2002. The level of activations in 2002 represents a 50% decrease in area code activations over 2001.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

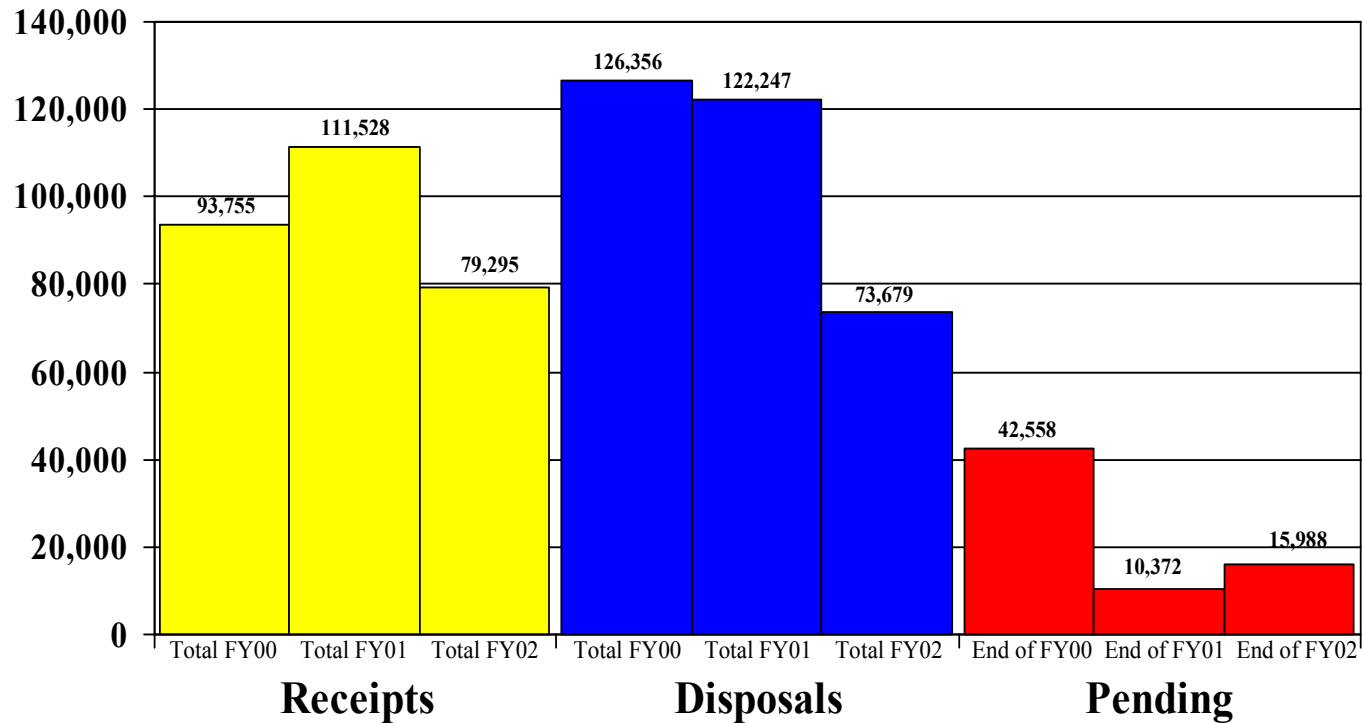
<i>Performance Goal –Consumer Education</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Implement more efficient number block pooling for at least 18 of the 100 largest MSAs.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Implement more efficient number block pooling for at least 18 of the 100 largest MSAs.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Implement more efficient number block pooling for at least 40 of the 100 largest MSAs.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ On-going. National pooling framework established; several state pooling trials in place.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ At the end of 2001, 107 pools in 26 states had been implemented. Pooling has contributed directly to a significant decrease in net central office code assignments, from an average of 2,172 codes per month for the period of January-October 2000, to 413 for January-October 2001.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Thousands-block number pooling has been implemented in approximately 86 MSAs and 185 area codes. During 2002, 3,604 central office codes were returned. Net central office code assignments were 3,574 as compared to 4,340 in 2001.</li> </ul>

# FEDERAL COMMUNICATIONS COMMISSION

*FY 2004 Annual Performance Plan*

*Performance Goal – Promote Access*

## INFORMAL COMPLAINTS



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Promote Access</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"><li>➤ No FY99 goal.</li></ul> <p>FY00:</p> <ul style="list-style-type: none"><li>➤ 15% increase in penetration rate for mobile wireless telephone services.</li></ul> <p>FY01:</p> <ul style="list-style-type: none"><li>➤ 30% increase in penetration rate for mobile wireless telephone services.</li></ul> <p>FY02:</p> <ul style="list-style-type: none"><li>➤ 25%-30% increase in penetration rate for mobile wireless telephone services.</li></ul>	<p>FY00:</p> <ul style="list-style-type: none"><li>➤ 28% increase in penetration rates.</li></ul> <p>FY01:</p> <ul style="list-style-type: none"><li>➤ 39% increase in penetration rates.</li></ul> <p>FY02:</p> <ul style="list-style-type: none"><li>➤ Year-end 2001 data indicated a 45% (128.5 subscribership) overall nationwide penetration rate for mobile telephone services, 17% increase over December 2000. The mobile telephone sector experienced continued strong growth and competitive development – broadband PCS carrier and digital SMR providers continued to deploy their networks – resulting in lower prices for consumers and an increase in subscribership from 109.5 million to 128.5 million.</li></ul>

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Promote Access<sup>8</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Improve the connections of classrooms, libraries and rural health facilities to the Internet.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 75% of schools and libraries connected to the Internet.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ 90% of public school instructional classrooms connected to the Internet.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ 93% of public school instructional classrooms connected to the Internet.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Released Order extending funding for schools and libraries to get connected to the Internet.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ 77% of public school instructional classrooms connected to the Internet.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Over 87% of public school instructional classrooms connected to the Internet. In the fall of 2001, 99% of public schools in the United States had access to the Internet. Over the years, changes have occurred in the types of Internet connections used by public schools and the speed at which they are connected to the Internet. In 2001, 85% of public schools used broadband connections to access the Internet, a 5% increase from 2000.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ FY02 statistics will not be available until late spring 2003.</li> <li>➤ The Schools and Libraries Program provides support for eligible schools and libraries to help offset the cost of telecommunications services, including advanced communication services and equipment. It provides students free access to Internet services in their classrooms and local libraries.</li> </ul>

<sup>8</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Promote Access<sup>9</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Implement consumer outreach program, including new consumer advocacy partnerships with Federal, state, and local governments, industry, and consumer groups.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Implement consumer outreach program, including new consumer advocacy partnerships.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Extend partnerships with industry and consumer groups.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Established consumer advocacy partnerships with Federal, state, and local governments. Also launched a pilot database project, the State and National Action Plan (SNAP), which shares data on slamming and cramming complaints and inquiries. See FY00 Annual Program Performance Report for a listing of additional significant activities.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Established partnerships with Federal, state and local government agencies, consumer groups, and the military for distribution of information.</li> <li>➤ Developed a brochure to provide critical information to consumers on international calling and associated rates</li> <li>➤ Established the Consumer/Disability Telecommunications Advisory Committee (C/DTAC).</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Entered into an agreement with the Advisory Council on Historic Preservation and the National Conference of State Historic Preservation Officers to streamline the historic review process for co-located antennas.</li> </ul>

<sup>9</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

### Goal 4 – Manage the Electromagnetic Spectrum in the Public Interest:

<i>Performance Goal – Increase Available Spectrum</i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Conduct all congressionally mandated auctions scheduled in FY00.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Conduct all auctions necessary to make spectrum available consistent with the FCC's and Congress' spectrum management goals.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Same as FY01.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Congress postponed the deadline for Auction 31 (Combinatorial Bidding).</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ The FCC completed six auctions, which provided the industry with much needed spectrum to meet increased consumer demands.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The FCC conducted a field spectrum occupancy measurement project at ten locations to determine whether there were interference sources that could pose an impediment to the use of new technology in spectrum subject to auction.</li> <li>➤ The FCC completed seven auctions during FY 2002, which provided the industry with much needed spectrum to meet increased consumer demands.</li> <li>➤ The Auction Reform Act of 2002 was signed into law on June 19, 2002. This legislation eliminated statutory deadlines for spectrum auctions that applied to several bands, and provided the Commission with discretion to schedule future auctions. However, the Auction Reform Act directed the Commission to proceed with the auction of the Lower 700 MHz band C and D blocks but to postpone the scheduled June 19, 2002 auction of the remaining portions of the Lower 700 MHz and Upper 700 MHz bands. In accordance with the statute, the auction of the Lower 700 MHz band C and D block spectrum began on August 27, 2002, and was completed September 18, 2002. The Act also requires the Commission to report to Congress not later than June 19, 2003, on among other things, when it intends to reschedule the auction of the remaining 700 MHz bands.</li> </ul>



# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal – Increase Available Spectrum<sup>10</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Initiate actions to promote the development of new services.</li> <li>➤ Allocate 4 GHz of spectrum for unlicensed services.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Increase the availability of flexibly allocated spectrum by 20% (baseline: FY00).</li> <li>➤ Initiate 3G spectrum allocations.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Increase the availability of flexibly allocated spectrum by an additional 20% (baseline: FY00).</li> <li>➤ Implement 3G spectrum allocation and service rules.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ The FCC received a total of 100 applications to support the development of new technology applications in 7 services.</li> <li>➤ FCC completed a Report and Order allocating spectrum for unlicensed services.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Completed a proceeding to add flexibility to 190 MHz of spectrum at 2.5 GHz.</li> <li>➤ Initiated Advanced Wireless Service (includes 3G) spectrum allocations by issuing a Notice of Proposed Rulemaking.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Completed spectrum allocations in two separate proceedings for 77 MHz of spectrum transferred from Federal government use and 48 MHz of spectrum reallocated from TV broadcast use.</li> <li>➤ Completed flexible spectrum reallocations for 125 MHz, an increase of 47.6% (FY00 baseline: 262.5 MHz).</li> <li>➤ Advanced Wireless Services (3G) spectrum allocations were delayed until after FY 2002 assessment is completed.</li> <li>➤ In November, 2002, the FCC sought comment on licensing, technical, and operational rules to govern the use of the 1710-1755 MHz and 2110-2155 MHz bands for advanced wireless services (AWS).</li> <li>➤ The FCC adopted service rules governing 27 megahertz of spectrum (216-220 MHz, 1390-1395 MHz, 1427-1429 MHz, 1429-1432 MHz, 1432-1435 MHz, 1670-1675 MHz, and 2385-2390 MHz) that was transferred from Government to non-Government use to accommodate a variety of communications needs.</li> <li>➤ The FCC adopted service rules authorizing the Multichannel Video and Distribution and Data Service in the 12.2-12.7 GHz band.</li> </ul>

<sup>10</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal - Efficient Spectrum Use<sup>11</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Initiate review of assignment and licensing techniques.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Convene a task force to work with industry and academia to develop recommendations on ways to improve assignment and licensing.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Clarify our transfer of control policies to facilitate secondary market transactions.</li> </ul>	<p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Released two rule makings reconfiguring the 30 MHz C-block re-auction spectrum into three 10 MHz blocks.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Established the Technical Advisory Committee with three working groups, including one on spectrum management.</li> <li>➤ Established a new task force on spectrum policy and created a new position, Senior Spectrum Policy Advisor.</li> <li>➤ The FCC released a rule making adopting various technical and operational rules and policies concerning the use of frequencies in the 764-776 MHz and 794-806 MHz bands (700 MHz band) designated for interoperability uses. FCC is also conducting an audit of the construction and operational status of the Private Land Mobile Radio (PLMR) licensees holding authorizations in the Public Safety and Business Industrial radio services on coordinated frequencies below 800 MHz. This study will identify opportunities for getting spectrum into the marketplace.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ The FCC conducted a spectrum occupancy measurement project in support of the Spectrum Policy Task Force at five locations.</li> <li>➤ The FCC issued a Notice of Proposed Rulemaking in the Space Station Licensing Reform proceeding that includes a proposal to remove restrictions on satellite licensees' rights to trade their licenses on the secondary markets.</li> </ul>

<sup>11</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# FEDERAL COMMUNICATIONS COMMISSION

## FY 2004 Annual Performance Plan

<i>Performance Goal - Efficient Spectrum Use<sup>12</sup></i>	<i>Actual Performance</i>
<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ No FY99 goal.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Work with industry and NTIA to promote the use of technologies and approaches to spectrum allocation.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Examine management of shared spectrum and vehicles to enhance condition of shared spectrum with NTIA.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Examine implementation of new spectrum technology uses.</li> </ul>	<p>FY99:</p> <ul style="list-style-type: none"> <li>➤ Worked with the industry and NTIA to promote the use of technologies and approaches to spectrum allocation and assessments that minimize interference and increase coordination between Federal and non-Federal users.</li> </ul> <p>FY00:</p> <ul style="list-style-type: none"> <li>➤ Adopted rules to provide for government access to non-government public safety spectrum in the 700 MHz band.</li> </ul> <p>FY01:</p> <ul style="list-style-type: none"> <li>➤ Worked with the Interdepartmental Radio Advisory Committee (IRAC) on questions arising from September 11 terror attack.</li> </ul> <p>FY02:</p> <ul style="list-style-type: none"> <li>➤ Established a Homeland Security Policy Council (HSPC) comprised of senior level officials. The Network Reliability and Interoperability Council and the Media Security and Reliability Council also worked under new charters to address these issues.</li> <li>➤ The FCC's participation in the U.S. ITU World Radiocommunications Conference (WRC) has been critical for advancing commercial and public safety interests in the process.</li> <li>➤ The FCC initiated a rulemaking proceeding regarding service rules for the 4.9 GHz band, which was transferred from Government spectrum and designated for public safety uses.</li> </ul>

Due to the success the FCC had between FY 1999 and FY 2002 in meeting or exceeding its performance measures, the planned issuance of a new strategic plan for FY 2003 to FY 2008, and the significant changes the communications industry underwent in 2001 and 2002, the FCC plans to change the number and structure of its performance goals beginning in FY 2003. For FY 2004, these new performance goals and indicators are shown on pages 5-12, reflecting the goals and priorities of the FCC's revised strategic plan (FY 2003 - FY 2008).

<sup>12</sup> Tables with a gray background indicate the general type of measurement tool that will continue to be used in FY 2004.

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

### **SECTION 4: VALIDATION**

The FCC uses numerous methods and techniques to verify and validate the data that underlie its performance indicators. Three primary methods broadly described below are:

- Certifications of reliability from data sources,
- Office of Managing Director's general program of internal review and evaluation, and
- Audits, reports, and reviews performed by other groups such as the Inspector General (IG) and U. S. General Accounting Office (GAO).

Specific information on baseline data, expected use of agency systems, sources for measured data, and expected reliance on external data sources will be found as data are reported during FY 2004. Reviewers can anticipate that methodology sections attached to the certifications of reliability will provide most of the information about baseline data, use of agency systems, data sources, and reliance on external data sources.

In general, the expected data sources are internal reports generated by various FCC Bureaus and Offices,<sup>13</sup> which are often combinations of internally-generated data and externally provided data from government surveys such as the Current Population Survey and industry data. New information provided by this mix of internal and external data is baselined against the data presented on the previous pages.

#### **Bureau/Office Certifications:**

Since FCC staff and automated processing systems are the source for much of the data on the FCC's performance, an acceptance of the professionalism, expertise, and ethical behavior of the FCC's line staff is fundamental to validating FCC performance data. This trust is further validated by certifications (A-130 and others) done by FCC IT staff on the secure and reliable operations of the FCC's information technology hardware and software. Finally, Assistant Bureau Chiefs must sign a statement certifying the accuracy of the performance data they transmit, along with a brief methodology statement identifying the original source of the data (internal or external) and the systems used to gather, process, and analyze the data.

---

<sup>13</sup> For example: data from FCC programmatic reports and application processing systems, inquiry and complaint tracking systems, enforcement reporting systems, and hiring and training systems.

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

### **Cross-cutting Functions:**

The FCC routinely interacts with a number of Federal agencies. For example, we coordinate radio antenna and tower proposals with the Federal Aviation Administration to prevent interference and to ensure the safety of life and property; measure spurious radio signal emissions in cooperation with the Environmental Protection Agency (EPA) to monitor public risks associated with radiation; coordinate with the U. S. Customs Service concerning the import of electronic devices. We will continue to work with the National Technical Information Administration to coordinate efforts to ensure effective management of the public and private spectrum. We work closely with the Federal Trade Commission on consumer issues, particularly on efforts to halt unscrupulous practices such as “slamming” and “cramming,” and most recently, on efforts to limit unwanted telemarketing.

As we coordinate our efforts with other Federal agencies, we must also seek the input of state and local government to achieve a truly national telecommunications policy. The Telecommunications Act of 1996 set the groundwork for this goal, and the Commission continues to work through joint boards and advisory committees to share information and views on many critical communications issues. Recently, our work with local, state and regional groups has expanded to focus on such sensitive issues as corporate malfeasance and the reliability and interoperability of our national telecommunications network.

### **Internal Review and Evaluation Program:**

The Office of Managing Director, Performance Evaluation and Records Management (PERM) cross-checks the basic validation provided by the FCC’s Bureaus and Offices as part of its on-going program of internal controls. PERM focuses its program of internal controls on (in priority order):

1. Prevention,
2. Detection, and – where necessary
3. Correction.

#### Prevention Controls –

Prevention controls are those designed to prevent or discourage errors or irregularities. The primary prevention control processes used by PERM are guidelines or directives and training. Guidelines or directives are looked to for required or suggested segregations of duties, necessary physical or operational limitations on access to assets, appropriate reviews and

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

approvals, and documentation and record retention responsibilities. Checklists that Bureaus and Offices can use to ensure their guidelines or directives include necessary validation measures can be found on PERM's Intranet site.

Training opportunities and resources for the purposes of review, evaluation, internal controls, and validation are also noted on PERM's Intranet site.

### Detection Controls -

Detection controls are designed to identify errors or irregularities after they have occurred. PERM uses three primary methods for detection control. They are:

1. Random internal reviews – PERM staff randomly select a small number of projects/activities each year and conduct brief (1/2 to a maximum of 2 days), unannounced reviews to determine if the project/activity is conforming to appropriate guidelines or directives. The objective of these random reviews is to provide FCC Bureaus and Offices with quick trajectory checks so that executives, managers, and staff have useful information to help them ensure their programs are operating effectively and staying consistent with applicable laws, regulations, and priorities.

On a random basis, PERM staff also assesses the performance data provided by Bureaus and Offices for trends and/or irregularities. If inconsistencies or other problems are observed, PERM staff discuss and resolve the problem with the Bureau and Office staff.

2. Formal program evaluations – At least one formal program evaluation is conducted each year as suggested by the Government Performance and Results Act (GPRA) and OMB's implementing procedures for that Act (OMB Circular A-11). This formal evaluation is announced at the start of each fiscal year and timelines and evaluation standards are negotiated with the affected Bureaus and Offices. The objective of these formal program evaluations is to provide the operational Bureaus and Offices with helpful and practical insights on how to most effectively manage their programs given relevant laws, regulations, and priorities.
3. Vulnerability assessments – Under the auspices of the Federal Managers' Financial Integrity Act and OMB Circular A-123, PERM coordinates a program of approximately 15-20 vulnerability assessments that are conducted each year. These assessments are designed to identify and correct potential weaknesses in our programs and to minimize the

# **FEDERAL COMMUNICATIONS COMMISSION**

## ***FY 2004 Annual Performance Plan***

susceptibility of major functions or programs to waste, loss, or unauthorized use or misappropriation of funds, resources, property or other assets; a conflict of interest; errors in reports and information, illegal or unethical acts; or other improper activities.

### Correction Controls -

If, as a result of the detection control process, conditions are identified in a FCC Bureau or Office that show a program/project/activity is not operating effectively, efficiently, reliably, or in compliance with applicable laws, regulations, and priorities, then PERM works with the affected Bureau or Office to remedy these conditions in a timely manner.

### **Independent audits and reviews:**

The final verification and validation process is the audits and studies conducted by the FCC's IG or the GAO. The IG conducts an average of nine audits of FCC activities every year while the GAO has been averaging several studies of FCC activities or issues per year, one or two of which may include recommendations to the Commission. All of these independent reviewers have access to FCC staff and records and point out areas of concern or in need of improvement when they are uncovered.